Labour

Annual Report

2016-17

Alberta
Government

Note to Readers:
Copies of the annual report are available on the Labour website
work.alberta.ca

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Labour

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Labour contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statement of entities making up the ministry including the Department of Labour, the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation, Workers' Compensation Medical Panels and the Occupational Health and Safety Council; and**

- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**

- **financial information relating to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2017, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 6, 2017 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

Honourable Christina Gray
Minister of Labour
Minister Responsible for Democratic Renewal

Message from the Minister

As our province's economy begins to recover, our focus continues to be on making life better for families and Albertans. This report highlights Alberta Labour's objectives and results from the 2016-17 fiscal year.

This past year, our government remained focused on reviewing our province's labour laws to ensure they reflect our modern workplaces and are fair and balanced for all Albertans. As part of our government's commitment to review all agencies, boards and commissions, this also included a review of the Workers' Compensation Board – Alberta to ensure the system provides fair compensation and meaningful rehabilitation.

Ensuring our province's workplaces are safe and healthy was also a top priority and in 2016, occupational health and safety conducted more than 12,000 workplace inspections. Numerous focused and proactive inspection campaigns were also conducted in Alberta's key industries to ensure employers are complying with Occupational Health and Safety legislation. This included the oil and gas, construction, health care and manufacturing industries, as well as gas and convenience store work sites that employed vulnerable workers.

Lastly, as our province begins to recover, our government remains committed to investing in skills training today so we can create an Alberta of tomorrow that benefits individuals, families and our communities. This past year, our government invested in programs such as Training for Work and the Canada-Alberta Job Grant to help Albertans get back to work. The Canada-Alberta Job Grant supports employers by subsidizing skills training for current and future employees. Last year, more than 1,600 employers received funding to provide skills training to 10,600 Albertans.

We are also creating the right conditions and opening the right doors to support a skilled and educated labour force by investing in our youth with programs such as the Summer Temporary Employment Program. Last year, the program helped approximately 2,700 students get the experience they need to enter the workforce.

Looking ahead, we will continue to deliver programs that support the development of our province's workforce while enhancing worker safety and improving our workplaces.

I am proud of my colleagues and department staff for all their efforts this past year. I look forward to working with Albertans in 2017-18 to continue the important work of supporting fairness and equality for all.

[Original signed by]

Honourable Minister Christina Gray
Minister of Labour
Minister Responsible for Democratic Renewal

Management's Responsibility for Reporting

The Ministry of Labour includes:

- The Department of Labour;
- Alberta Labour Relations Board;
- Appeals Commission for Alberta Workers' Compensation;
- Occupational Health and Safety Council;
- Workers' Compensation Medical Panels; and
- Workers' Compensation Board – Alberta.

The executives of the individual entities within the ministry have the primary responsibility and accountability for their respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Labour. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's Budget 2016.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Labour the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by]

Jeff Parr
Deputy Minister of Labour
Date: June 6, 2017

Results Analysis

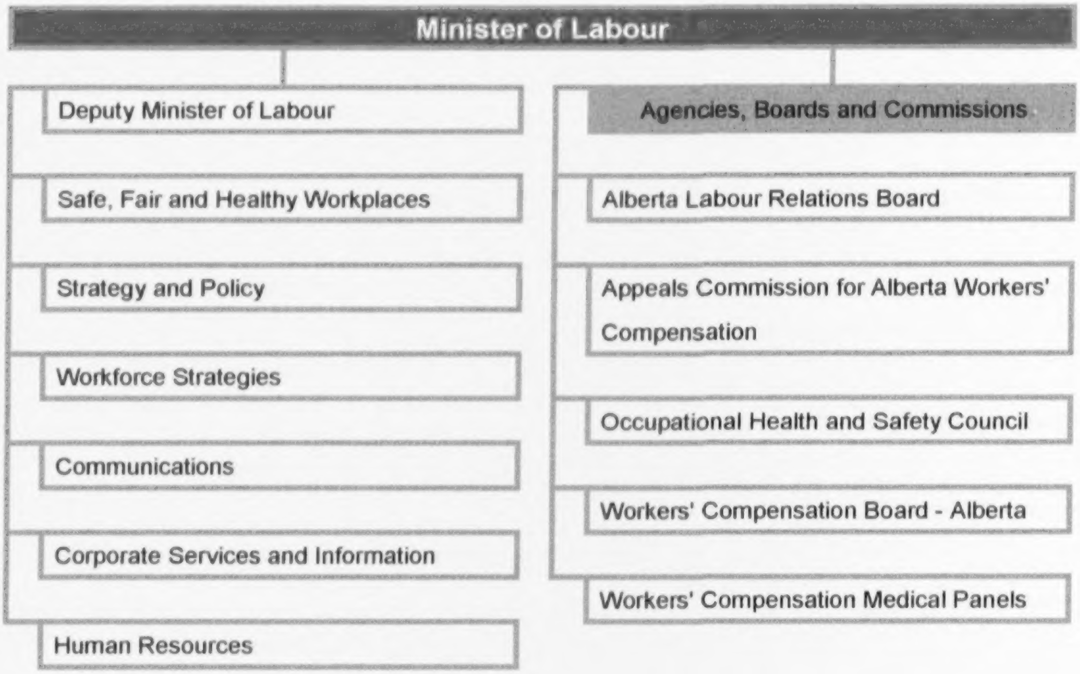
Ministry Overview

Discussion and Analysis of Results

Ministry Overview

The Ministry

The Ministry of Labour provides supports to meet the needs of both employees and employers. This work focuses on maintaining safe, fair and healthy workplaces and building a skilled workforce for the jobs of today as well as tomorrow.


Minister of Labour
Deputy Minister of Labour
Safe, Fair and Healthy Workplaces
Strategy and Policy
Workforce Strategies
Communications
Corporate Services and Information
Human Resources
Agencies, Boards and Commissions
Alberta Labour Relations Board
Appeals Commission for Alberta Workers' Compensation
Occupational Health and Safety Council
Workers' Compensation Board - Alberta
Workers' Compensation Medical Panels

The Department

The Department of Labour consists of the areas described below:

Deputy Minister's Office

The deputy minister's office leads the department, provides advice and support to the minister and is the link to the minister's office to ensure the work of the department meets the goals and objectives outlined in the business plan and the priorities provided to the minister by the Premier. The deputy minister supports the Deputy Minister of Executive Council by contributing to policy development, planning and implementation of cross-ministry initiatives, as well as advocating for new approaches and long-term views toward achieving government-wide goals.

Safe, Fair and Healthy Workplaces

The Safe, Fair and Healthy Workplaces division provides program delivery to ensure Alberta's workplaces are safe, fair and healthy. Working with workers, employers, labour groups and industry associations directly, this division ensures compliance with several pieces of workplace-related legislation. Key areas of responsibility include occupational health and safety and employment standards.

Strategy and Policy

The Strategy and Policy division works with other ministries, industry, labour groups and other jurisdictions to shape Alberta's labour policy. The division develops policies and strategies to align labour supply and demand and provides policy development expertise to ensure Alberta's workplaces are safe and healthy and operate within a fair and modern legislative framework that supports Alberta's families and diversity. The division also provides mediators and arbitrators to assist unions and employers in resolving disputes.

Workforce Strategies

The Workforce Strategies division delivers programs focused on connecting Albertans with opportunities and on growing a skilled workforce for the jobs of today as well as tomorrow. It identifies labour force needs and issues and works with partners to address the needs of Albertans attempting to enter and remain in the workforce, as well as ensuring employers have the tools they need to find the employees they require. It also works with other ministries, the federal government and external partners to support the needs of newcomers, workers, employers and Albertans.

Corporate Services and Information

The Corporate Services and Information division provides support to the ministry in key functional areas, including finance, legislative services, corporate planning and reporting and information management and information technology.

Communications

The Communications division provides planning, advice and support to the minister and the department and clear and timely information to the public about the ministry's key initiatives, programs and services. Communications is also responsible for providing advice on issues management, media relations, specialized writing, social media, website content and product design.

Human Resources

The Human Resources division leads strategic human resource initiatives and oversees the planning, development and delivery of human resource services for the ministry. Human Resources develops innovative and collaborative strategies and provides advice on talent management, employee relations, classification, employee development, engagement, as well as, health and safety.

Agencies, Boards and Commissions

The Ministry of Labour also includes the following agencies, boards and commissions:

Alberta Labour Relations Board

The Alberta Labour Relations Board is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The Board administers the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*. It processes applications and conducts hearings on matters arising from both private and public sectors. Some, but not all, of the issues that come before the Alberta Labour Relations Board include certifications, revocations, various votes, bargaining unit determinations and unfair labour practices.

Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation, an independent and impartial tribunal, hears worker and employer appeals arising from Workers' Compensation Board – Alberta review bodies. The mission of the Appeals Commission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice.

Occupational Health and Safety Council

The Occupational Health and Safety Council advises the minister on matters concerning the *Occupational Health and Safety Act,* Code and Regulation. The Council is empowered to hear appeals related to orders issued by Occupational Health and Safety officers, as well as cancellations/suspensions of a licence or permit and rulings from disciplinary action complaint investigations. The Council also hears appeals to administrative penalties for violations.

Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta is an employer-funded, non-profit organization legislated to administer the workers' compensation system for the province's employers. The Workers' Compensation Board – Alberta is independently funded and operated as an insurance enterprise. In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational disease.

Workers' Compensation Medical Panels

Medical panels provide the Workers' Compensation Board and Appeals Commission with an impartial, independent decision-making process to resolve medical issues that affect a claimant's right to compensation. Each panel is made up of three contracted physicians with specialized knowledge of the medical area in dispute.

Discussion and Analysis of Results

The Ministry of Labour works to set people up for success in Alberta's workplaces by building a strong, diverse and safe workforce and supporting fairness and equality for all Albertans. Alberta, along with much of the rest of Canada and the world, continued to experience the effects of an economic downturn in 2016-17. As our economy begins to recover, the ministry continues to focus on making Alberta's economy stronger and more resilient, supporting families and helping Albertans get back to work.

Fair, modern and family-friendly labour laws support a strong economy and help ensure businesses are competitive and provide good jobs for Albertans. As the nature of work evolves, Alberta's labour laws must also evolve to ensure the rights of workers are respected and that Albertans are treated fairly and have the opportunity to maximize their full potential. On October 1, 2016, Alberta's minimum wage increased to $12.20 per hour, helping to move around 300,000 Albertans closer to a living wage. Balanced labour laws and a stable labour relations environment make Alberta a more attractive place to live and work and help ensure Alberta's workplaces are fair and competitive. The ministry dedicated over $5 million to ensuring a stable labour relations environment through funding for mediation services, to help resolve disagreements during the collective bargaining processes; the development of labour relations policy; and the Alberta Labour Relations Board.

Every worker in Alberta has the right to a safe, fair and healthy workplace from their first shift through to retirement. Alberta's workplace health and safety education, compliance, and enforcement programs must evolve as the nature of work changes. As of January 1, 2016, wage-earning, non-family farm and ranch workers are entitled to the same protections as other workers in the province and are covered by the provisions in the *Occupational Health and Safety Act* and Regulations. They also have coverage through the Workers' Compensation Board – Alberta. Over the year, the ministry dedicated $71 million to ensuring Alberta's workplaces are safe, fair and healthy, through the delivery of the occupational health and safety ($45 million) and employment standards ($14 million) programs and the Appeals Commission for Alberta Workers' Compensation and the Workers' Compensation Board Medical Panels ($12 million).

The ministry devoted significant resources to ensuring Albertans have the skills required by Alberta's labour market. The ministry spent $105 million on workforce strategies programs, including skills training to help increase the labour force participation rate of Albertans who are willing and able to work, and to help marginally employed Albertans find meaningful employment to help build a stronger and diversified workforce. Regional operations were streamlined and responsibility for over 150 training and employment contracts was transferred to the Ministry of Labour. Education and skills training is one of the best investments our government can make to ensure a strong and diversified economy. Over $18 million was provided for training through the Canada-Alberta Job Grant, $8 million through the Summer Temporary Employment Program and $21 million for Training for Work and Aboriginal and First Nations Training to Employment programs. Through workforce development partnerships, the ministry spent over $5 million supporting employers in attracting and retaining qualified workers, which is crucial to building the strong and diversified workforce required by Alberta's economy.

The economic downturn has presented significant challenges to working Albertans and employers in recent years. However, despite the downturn, some employers continue to have difficulty finding and retaining skilled workers at all skill levels. The government remains focused on ensuring Albertans are actively engaged in the workforce, however, it is important for the ministry to maintain labour attraction efforts so that the province is well positioned to respond to labour market demands as the economy recovers and more workers are needed. The ministry spent over $7 million to help strengthen the recognition of qualifications of workers coming from outside of Alberta and professional governance and the administration of the *Land Agents Licensing Act*. Finally, the ministry spent $9 million on helping to ensure the successful settlement and integration of newcomers, including refugees, and their families.

In 2016-17, the ministry's revenues were $129.6 million, approximately $21.6 million more than the previous year. This is primarily due to an increase in funding from the federal government of approximately $19.3 million. This funding supported the Canada-Alberta Job Fund agreement, which is intended to increase the participation of Albertans in the labour force and help them develop the skills necessary to find and keep meaningful long-term employment. It also supported the Labour Market Development Agreement, which is intended to develop a skilled labour force that meets current and emerging needs of employers, and facilitate a quick return to work for Employment Insurance recipients. The remaining increase to revenue was primarily due to additional funding from the Workers' Compensation Board – Alberta to support the Occupational Health and Safety program, the Workers' Compensation Medical Panels and the Appeals Commission for Alberta Workers' Compensation.

In 2016-17, the ministry's overall spending was $197.1 million, which was an increase of $5.2 million from the previous year. An increase of $2.4 million in Safe, Fair and Healthy Workplaces program was primarily due to the delivery of the Occupational Health and Safety program. An increase of $1.8 million in the Workforce Strategies program was primarily due to increased spending on the Canada-Alberta Job Grant and the launch of the Summer Temporary Employment Program. The ministry also experienced a slight increase in spending related to Ministry Support Services, which reflects the resources required to fulfil its operating and accountability requirements.

Within this context, the following sections outline the accomplishments of Labour in 2016-17.

Ministry of Labour 2016-17 Key Risks

The Ministry of Labour identified the following key risks in its 2016-19 business plan.

The *Employment Standards Code* and *Labour Relations Code* require increased clarity and modernization to ensure regulations balance the protection of workers' rights and the needs of employers.

Update: Alberta's *Employment Standards Code* and *Labour Relations Code* have not been significantly updated since 1988. Beginning in 2016-17, the ministry began reviews of the codes to ensure Alberta's labour laws continue to make sense for our modern workplace and to make sure Alberta workers have the same rights as all other Canadians. In the spring of 2017, Labour consulted with stakeholders on both pieces of legislation. Feedback from the consultations, which concluded in April 2017, is being reviewed and will help to inform potential changes to both the *Employment Standards Code* and *Labour Relations Code*.

Alberta is the only jurisdiction with broad labour regulation exemptions for the farm and ranch sectors.

Update: As of January 1, 2016, waged, non-family farm and ranch workers are covered by the *Occupational Health and Safety Act* and Regulations and have coverage through the Workers' Compensation Board – Alberta. In 2016-17, the ministry consulted with representatives from the agricultural sector, labour groups, and technical experts to develop recommendations on how the new legislation should be applied, given the unique needs of employers and employees in the agricultural sector. The ministry is now considering the recommendations from the working groups in the area of employment standards, occupational health and safety, and labour relations. These recommendations will help government determine how to best extend both pieces of legislation to waged, non-family workers in the sector.

Shifting roles and responsibilities between various orders of government and changes in federal government funding for labour market development means the ministry will be challenged to find ways of meeting Albertans' and employers' needs.

Update: Alberta's changing economic conditions and technological advancements (i.e. automation) that affect the labour market will challenge the ministry to find innovative ways of meeting the changing needs of Alberta's workers and employers, while working within funding agreements with the federal government. The ministry must continue to adapt programming to fit Alberta's current circumstances, including continuing to provide unemployed Albertans, affected by the economic downturn, opportunities to obtain the training they require to enter or re-enter the workforce.

Outcome One: Alberta's labour laws and labour environment are fair and balanced

All workers in Alberta have the right to be treated with dignity and respect at work. Through Alberta's labour laws, the province helps to ensure the rights of workers are respected and that Albertans are treated fairly and have the opportunities to maximize their full potential. Modern and relevant employment standards make Alberta a more attractive place to live and work and help ensure Alberta workplaces are fair and competitive for the long-term. The ministry also ensures that a fair and balanced framework for collective bargaining contributes to a stable labour relations environment.

Key results and highlights during 2016-17 which support this outcome include:

- Increasing Alberta's minimum wage to $12.20 per hour for all Albertans;
- Implementing essential services legislation that provides the right to strike for public sector employees; and
- Modernizing Alberta's labour legislation to bring it in line with other Canadian jurisdictions.

Key Strategy 1.1

Ensure Alberta's labour and workplace legislation and policies are effective and family-friendly.

Modern and relevant employment standards ensure Alberta workers are treated with respect and dignity and have opportunities to maximize their full potential. Alberta has some of the oldest workplace legislation in Canada. Both the *Employment Standards Code* and *Labour Relations Code* have not been significantly updated in almost 30 years and the nature of work and family life has changed a lot since then.

The ministry consulted with Albertans, employers and workers as part of a review of both the *Employment Standards Code* and the *Labour Relations Code.* More than 7,000 written submissions were received in March and April 2017, including over 4,800 responses to a public survey regarding the *Employment Standards Code*.

To ensure a well-rounded review of the *Employment Standards Code*, stakeholder roundtables were also held in Edmonton, Calgary, Grande Prairie and Lethbridge. More than 120 stakeholders from various organizations representing employees, employers, union, non-profit organizations and social advocacy groups participated in the roundtable discussions. Government is currently reviewing the feedback from the consultations.

Labour Relations Code stakeholder consultation was also held this year. Labour received close to 340 submissions from employers, business associations, organized labour and advocacy groups.

As a result of this work, a series of proposed changes to the *Employment Standards Code* and *Labour Relations Code* will be introduced in 2017. The changes are intended to make sure Albertans have the same rights and protections enjoyed by other Canadians, and have fair and family-friendly workplace laws that support a strong economy and help businesses stay competitive. These include:

- ensuring parents of critically-ill or injured children can take time off to care for their family without fear of losing their job;
- allowing Albertans the time they need to care for themselves if they're dealing with a short-term illness, domestic violence or mourning the loss of a loved one; and
- lowering the threshold for maternity leave and providing for the extension of parental leave to allow greater flexibility for working families.

The ministry also worked to incorporate the farm and ranch sector fully into Alberta's labour laws. For more information, please see key strategy 3.1 of this annual report.

Key Strategy 1.2

Evaluate increases to Alberta's minimum wage, considering economic conditions.

Minimum Wage

To ensure that all Albertans have fair and equal opportunities in a diverse workforce, Alberta's general minimum wage increased by one dollar per hour to $12.20 on October 1, 2016. The separate liquor server minimum wage was also eliminated at that time. Alberta now has one minimum wage. The increase to the minimum wage moved around 300,000 Albertans closer to earning a living wage for their families. Additionally, research shows that increasing the minimum wage particularly benefits women, who make up the majority of minimum wage earners, helping to reduce the income gap between men and women.

Alberta's Minimum Wage

	General Minimum Wage	Liquor Server Minimum Wage
October 1, 2016	$12.20	N/A[1]
October 1, 2015	$11.20	$10.70
September 1, 2014	$10.20	$9.20

[1] The separate liquor server minimum wage was eliminated on October 1, 2016.

A three-step process to increase the minimum wage to $15 per hour by October 1, 2018 was announced in June 2016 to provide long-term certainty to employers and workers. Increases to Alberta's minimum wage are planned for October 1, 2017 ($13.60) and October 1, 2018 ($15.00).

Consultations with various stakeholder groups including employers, business groups, social agencies, labour groups and employees were held in June 2016. The Alberta low wage and Alberta minimum wage profiles are expected to be released later this year.

Key Strategy 1.3

Develop an essential services model for the Alberta public sector and provide effective labour relations dispute resolution services.

Essential Services

What is an Essential Service?

Essential services are those public services that if interrupted would endanger the life, personal safety or health of the public, or that are necessary to the maintenance and administration of the rule of law and public security.

Essential services legislation applies to the following unionized employees:

- Government of Alberta employees;
- employees of agencies, boards and commissions;
- non-academic staff at post-secondary institutes;
- employees of Alberta Health Services; and
- employees of other approved hospitals (can include continuing senior care facilities, health centres and faith-based hospitals).

Bill 4, *An Act to Implement a Supreme Court Ruling Governing Essential Services*, was passed in May 2016 and modernizes two key labour laws, the *Labour Relations Code* and the *Public Service Employee Relations Act*, to reflect rulings by the Supreme Court of Canada and the Court of Queen's Bench of Alberta. The legislation respects public sector workers' bargaining rights and ensures fairness to unionized public sector employees, employers and the general public, and ensures that the public continues to have access to vital public services in the event of a labour dispute.

The legislation reflects the right to strike as a fundamental part of collective bargaining processes that is constitutionally protected under the *Canadian Charter of Rights and Freedoms.*

On June 1, 2016, an Essential Services Commissioner was appointed, to oversee the processes and functions of the Alberta Labour Relations Board related to essential services matters. The Alberta Labour Relations Board is responsible for the administration of the essential services legislation. For more information on the Alberta Labour Relations Board, see outcome two of this annual report.

In April 2017, the government introduced Bill 7, *An Act to Enhance Post-Secondary Academic Bargaining.* Proposed amendments under Bill 7 would extend the right to strike to academic staff associations and graduate student associations, create postdoctoral fellows associations and extend the right to strike to postdoctoral students, extend lockout provisions for post-secondary institutions, require post-secondary institutions to negotiate essential services agreements, and bring an end to compulsory arbitration where contracts and costs are delivered by an arbitrator.

Mediation

An important tool employees and employers have during the collective bargaining process is mediation. In Alberta, mediation is mandatory prior to parties being able to have the ability to strike or lockout.

Mediation

	2014-15	2015-16	2016-17
Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations	92	106	119[2]
Number of mediations with a ministry-appointed mediator that were settled without a work stoppage	91[1]	104	118[1,2]
Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage	100%[1]	98.1%	100%[1,2]

[1] There was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached.

[2] There was one work stoppage that remained unresolved as of March 31, 2017, that involves a union seeking first contract. For consistency in methodology in prior years, it will be included in the year in which it is resolved.

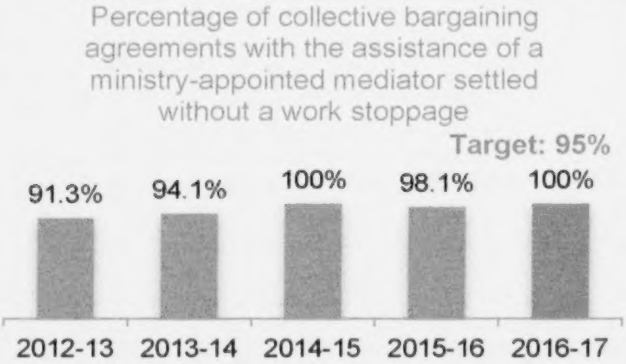
One way Labour tracks the effectiveness of ministry-appointed mediators is by tracking the number of mediations concluded without a work stoppage. Of the 118 mediations concluded in 2016-17 with the assistance of a ministry-appointed mediator, 118 were settled without a work stoppage. In 2016-17, there were two work stoppages, one remained unresolved at the end of the year (and will be included in the year in which a collective bargaining agreement is achieved) and one concluded when the union's bargaining rights were revoked by a vote of the employees (and no collective agreement was achieved). In 2015-16, there were 106 mediations concluded with the assistance of a ministry-appointed mediator and 104 were settled without a work stoppage.

Performance Measure 1.a Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage

Target: 95% Result: 100%

The ministry aims to ensure Alberta's labour laws and labour relations environment are fair and balanced so that workplaces are fair, diverse, and safe for all Albertans. The result for this measure is influenced by general economic conditions.

In 2016-17, 100 per cent of collective bargaining agreements with the assistance of a ministry-appointed mediator were settled without a work stoppage, a result that is consistent with the results obtained over the past three years. The 2016-17 result exceeds the standards-level target of 95 per cent. This variation is not considered significant.



Source: Compliance Management Information System

The overall level of success in reaching a collective bargaining agreement is mainly due to the ability of parties to resolve issues in ways that meet the needs of both sides even when the dispute escalates to mediation. The measure assesses the role the ministry's mediation services play in that process. General economic conditions influence, but do not necessarily predict, the result.

	2014-15	2015-16	2016-17
Number of mediations with a ministry-appointed mediator that were settled without a work stoppage	91[1]	104	118[1,2]
Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations	92[1]	106	119[1,2]

[1] There was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached.

[2] There was one work stoppage that remained unresolved as of March 31, 2017, that involves a union seeking first contract. For consistency in methodology in prior years, it will be included in the year in which it is resolved.

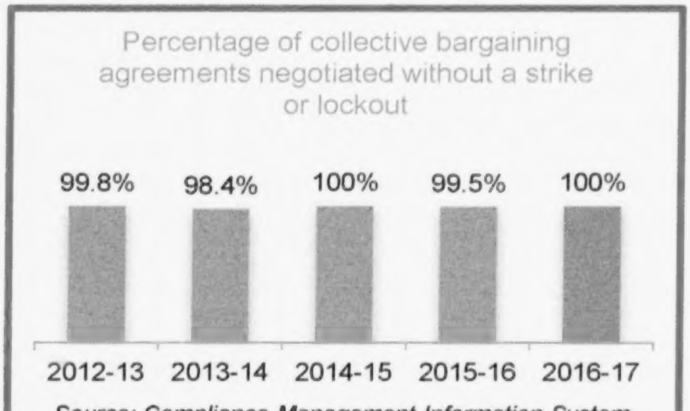
Beginning in the 2017-20 business plan this measure will be replaced with a new measure assessing the percentage of mediation cases with the assistance of a ministry-appointed mediator in which the parties resolved within two days; this new measure will assess the ministry's ability to appoint effective mediators. The new measure will be reported on in the 2017-18 Labour Annual Report.

Performance Indicator 1.a

Percentage of collective bargaining agreements negotiated without a strike or lockout

This indicator provides an indication of the general state of the labour relations environment in Alberta and the capacity of unions and employers to reach mutually acceptable agreements. General economic conditions influence, but do not necessarily predict, the result.

The results for this indicator (100 per cent in 2016 and nearly 100 per cent in prior years) are consistent with results achieved in prior years.



Source: Compliance Management Information System

This indicator will be replaced with a new indicator in the 2017-20 business plan that measures the person-days lost to strikes and lockouts per 1,000 employees (days not worked in the calendar year due to legal strikes and lockouts per 1,000 employees). The revised indicator more appropriately tracks the scale and effect of strikes and lockouts in a given year when they do occur. As with the new performance (timeliness) measure, the new indicator allows the ministry to monitor the potential effects of any work stoppages in the future.

Outcome Two: Alberta's collective bargaining laws are fairly and equitably applied

The results presented under Outcome Two represent the work of the Alberta Labour Relations Board. The Alberta Labour Relations Board is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The Alberta Labour Relations Board's mission is to administer, interpret and enforce Alberta's collective bargaining laws in an impartial, knowledgeable, efficient, timely and consistent way. It processes applications and holds hearings. The Alberta Labour Relations Board actively encourages dispute resolution, employs officers for investigations and makes major policy decisions. Governing legislation related to this program includes the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*. These Acts apply to most unionized employees in the province, but exclude employers and employees in farm or ranch labour, domestic work and in industries falling under federal jurisdiction such as airlines, railways, interprovincial trucking and shipping and telecommunications.

Key results and highlights during 2016-17 which support this outcome include:

- The Board made progress in reducing the number of outstanding decisions;
- With the passing of Bill 4 in May 2016 and amendments to the *Labour Relations Code,* administration of essential services legislation was given to the Alberta Labour Relations Board. These amendments included the appointment of an Essential Services Commissioner who continues to work with the parties to assist them in understanding the requirements of the legislation; and
- The Board continued to see success in settling matters prior to reaching a formal hearing.

Key Strategy 2.1

Continue to provide efficient, effective and consistent services to the Alberta labour relations community.

The Alberta Labour Relations Board continues to provide efficient and effective services to Alberta's labour relations community. The Alberta Labour Relations Board received a total of 528 applications in 2016-17. The overall number of applications received this fiscal year decreased from 639 in 2015-16, representing a 17 per cent reduction. There were 93 certification applications received by the Board compared to 100 in 2015-16. Unfair labour practices complaints can be associated with applications for certification. A drop in certification applications often results in a decrease in unfair labour practice complaints. The number of unfair labour practice complaints fell by 28 per cent from 326 in 2015-16 to 235 in 2016-17. The average number of calendar days from receipt of application to hearing was 66 days compared to 62 in 2015-16.

Duty of fair representation complaints are filed by employees or former employees who feel their union has not fairly represented them with respect to a grievance under their collective agreement. This past year, the Alberta Labour Relations Board continued to see a high volume of duty of fair representation complaints. In 2016-17, there were 74 duty of fair representation complaints, representing a 15 per cent decrease from the previous year.

Historically, the number of duty of fair representation complaints has been correlated with the state of the economy.

Alberta Labour Relations Board

	2014-15	2015-16	2016-17
Number of hearings	492	423	394
Number of certification applications received by the Alberta Labour Relations Board	132	100	93
Number of duty of fair representation complaints received by the Alberta Labour Relations Board	60	87	74

In May 2016, the Alberta Labour Relations Board became responsible for the administration of the essential services legislation. Significant efforts were devoted to developing policies and procedures, and communicating with stakeholders.

Key Strategy 2.2

Promote the use of alternative dispute resolution methods to solve issues before reaching formal hearings.

The *Labour Relations Code* encourages parties to settle their disputes through honest and open communication. The Board offers informal settlement options to the parties, but it also has inquiry and hearing powers to make binding rulings. The Board continues to be successful in assisting parties to resolve their disputes prior to the formal hearing process. In 2016-17, 260 of the 390 applications that were eligible for informal settlement were settled prior to reaching a formal hearing. The number of applications settled outside the formal adjudication process is affected by the matters received and the relationship between disputing parties.

Alberta Labour Relations Board

	2014-15	2015-16	2016-17
Number of applications informally settled	379	418	260
Number of applications eligible for informal settlement	529	566	390
Note: For additional information see performance measure 2.c of this annual report.			

Key Strategy 2.3 Continue to issue clear and timely decisions.

In 2016-17, the Alberta Labour Relations Board released a broad range of decisions interpreting different aspects of Alberta's labour legislation, including new and emerging issues. Board decisions interpreting Alberta's labour legislation help provide certainty to stakeholders and ensure the fair and consistent application of that legislation. Important decisions from the Board included:

- Interpreting whether a municipal corporation may be bound to construction related registration bargaining under the *Labour Relations Code (City of Calgary v. UNCJA, Local Union No. 2103,* [2016] Alta. L.R.B.R. LD-022);
- Interpreting whether the Alberta Teachers' Association's disciplinary functions under the *Teaching Profession Act* can amount to a breach of the duty of fair representation *(Wagers v. ATA,* [2016] Alta. L.R.B.R. LD-070);
- Determining whether contracting out of all or substantially all of the work of a bargaining unit constituted a breach of the statutory freeze during bargaining *(AUPE v. Shepherd's Care Foundation,* [2016] Alta. L.R.B.R. 33);
- Considering the scope of its discretion to issue a common employer declaration where two employers are alter egos but no facts are alleged showing any further labour relations purpose for the declaration *(AUPE v. Covenant Health and Covenant Care,* [2017] Alta. L.R.B.R LD-007).

Key Strategy 2.4 Enhance information technology resources, including transitioning to a new case management system, to enable the ALRB to be more responsive and timely.

In 2016-17, the Alberta Labour Relations Board commenced a major project to introduce a new case management system. Forty per cent of the development of a new case management system was completed in 2016-17 and the system is expected to be in production by November 2017. The new system will ensure more efficient services to Albertans by integrating processes such as hearing scheduling into a centralized system; providing the ability to introduce new concepts in the future such as paperless hearings and e-voting; more flexibility in reporting; and ensuring availability of technical support with software built on current technology.

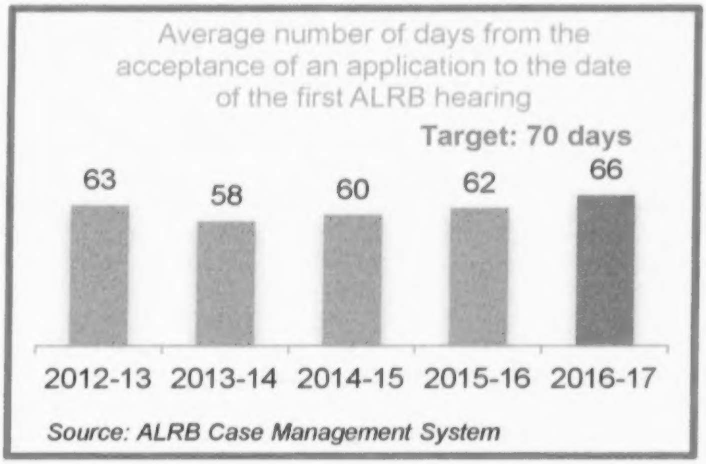
Performance Measure 2.a

Average number of days from the acceptance of an application to the date of the first ALRB hearing

Target: 70 days Result: 66 days

This performance measure reflects the Alberta Labour Relations Board's commitment to schedule matters in a timely fashion. In 2016-17, the average number of days from the acceptance of an application to the date of the first hearing was 66 days, up from 62 days in 2015-16, but within the targeted timeframe of 70 days.

The Board schedules hearings and resolution conferences with parties at the beginning of the file, based on the type of applications received, the availability of adjudicators and procedural timelines. The Board continually works with parties to set matters down for hearing in a timely manner.



Source: ALRB Case Management System

Number of hearings

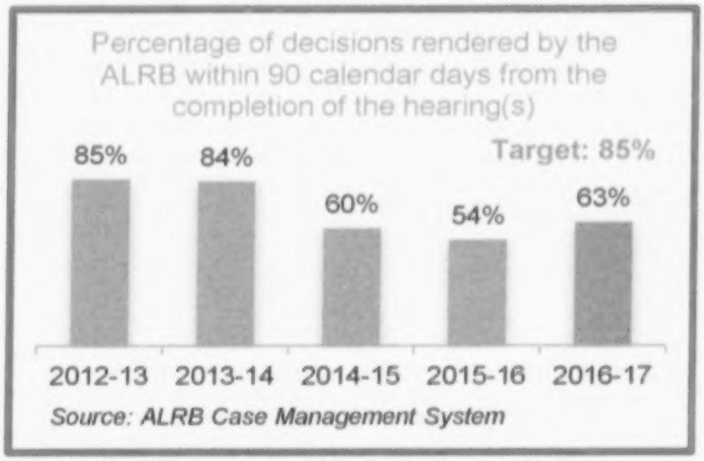
2012-13	2013-14	2014-15	2015-16	2016-17
427	386	491	423	394

Performance Measure 2.b

Percentage of decisions rendered by the ALRB within 90 calendar days from the completion of the hearing(s)

Target: 85% Result: 63%

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion. In 2016-17, 63 per cent of decisions were rendered within 90 calendar days from the completion of the hearings. This result is a nine per cent increase from the 2015-16 result of 54 per cent but below the target of 85 per cent.


Percentage of decisions rendered by the ALRB within 90 calendar days from the completion of the hearing(s)

Source: ALRB Case Management System

Due to illness, the Board was short one full-time vice-chair in 2015-16. In January of 2016 a part-time vice-chair was appointed. The full-time vice-chair has not been replaced. In addition, there was a transition to a new chair November 1, 2016. The Board has not had a full complement of adjudicators for the past two fiscal periods. Although the Board did not reach its target, it has continued to make progress in reducing the number of outstanding decisions. The number has decreased from 46 at March 31, 2016 to 28 at March 31, 2017.

In both 2015-16 and 2016-17, the Alberta Labour Relations Board received a significant number of duty of fair representation complaints (74 in 2016-17 and 87 in 2015-16). Duty of fair representation complaints can be more complex and require additional adjudication time.

All the above factors resulted in less writing time available for the adjudicators, which resulted in the missed target.

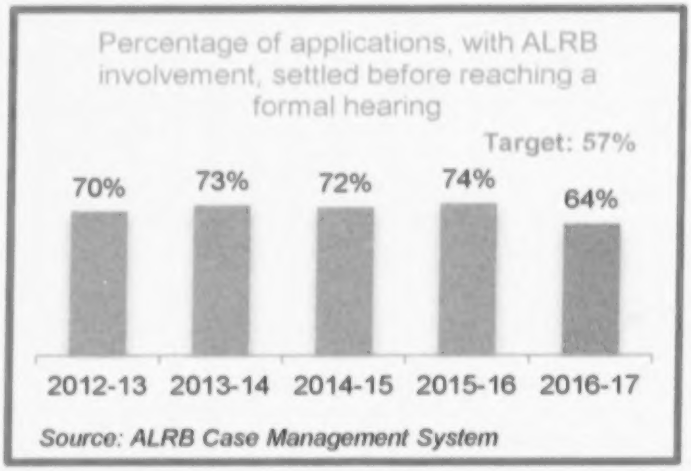
Performance Measure 2.c

Percentage of applications, with ALRB involvement, settled before reaching a formal hearing

Target: 57% Result: 64%

The Alberta Labour Relations Board offers informal settlement options to parties, to encourage them to settle their disputes through honest and open communication. The Board continues to be successful in assisting parties to resolve their disputes prior to the formal hearing process.

In 2016-17, 64 per cent of applications with the Board's involvement were settled before reaching a formal hearing. This result is ten per cent lower than the 2015-16 result and seven per cent above the target of 57 per cent.



Source: ALRB Case Management System

The number of applications settled outside of the formal adjudication process is impacted by the nature of the matters received by the Board. For example, adversarial relations between parties may result in less willingness to participate in the Board's resolution conference option.

Additionally, the type of matter received compared to the overall number of matters can also influence this number. For example, unfair labour practice complaints lend themselves to informal settlement. An increase in the percentage of complaints received that are unfair labour practice complaints can translate into an increased number of matters being resolved before reaching a formal hearing.

The availability of officers or adjudicators to resolve matters also impacts this performance measure.

This measure was discontinued in the 2017-20 business plan to provide the Alberta Labour Relations Board an opportunity to review its performance measures. This measure will be discontinued in the 2017-18 Labour Annual Report, however, the Alberta Labour Relations Board will continue to track the result for this measure.

	2014-15	2015-16	2016-17
Number of applications informally settled	379	418	250
Number of applications eligible for informal settlement	529	566	390

Outcome Three: Alberta has safe, fair and healthy workplaces that protect the status of all employees and workers

All workers in Alberta have the right to a safe, fair and healthy workplace. The ministry regulates employers and workers and monitors Alberta's workplaces to ensure employers and workers are informed of their workplace rights and responsibilities. The ministry actively undertakes preventative actions to address health and safety concerns in Alberta's workplaces. Safe, fair and healthy workplaces improve the quality of life for Albertans, make Alberta a more attractive place to live and work and contribute to labour productivity.

Key results and highlights during 2016-17 which support this outcome include:

- A significant reduction in the queue of employment standards complaints to the lowest level since October 2015;
- The incorporation of the farm and ranch sector into Alberta's labour laws; and
- Contributing to the Fort McMurray Wildfire response, by conducting over 1,600 OHS inspections and re-inspections to ensure workers were safe when they returned to work.

Key Strategy 3.1

In partnership with Agriculture and Forestry, incorporate the farm and ranch sector into Alberta's labour laws to ensure waged, non-family farm and ranch workers are better protected when at work.

The *Enhanced Protection for Farm and Ranch Workers Act* was designed to ensure that wage-earning, non-family farm and ranch workers in Alberta have the same basic protections as other workers in the province. The rules do not apply to owners or family members of farm and ranch owners.

As of January 1, 2016, farm and ranch workers are protected under the *Occupational Health and Safety Act* and Regulations. Mandatory Workers' Compensation Board – Alberta coverage began at the same time to ensure that workers can continue to support their families if they are injured on the job, as well as protecting farm and ranch owners against the liability of workplace injuries and illnesses.

In 2016-17, six technical working groups examined various components of the legislation and developed recommendations on how the requirements should be applied, given the unique needs of employers and employees in the agricultural sector. The six areas of focus were: the *Labour Relations Code*; the *Employment Standards Code*; a review of existing technical requirements contained in the Occupational Health and Safety Code (two groups); best practices for agriculture; and education, training and certification.

Working group members included representatives from the agricultural sector, labour groups, and technical experts. Each technical working group was chaired by an independent and impartial individual with demonstrated mediation, consensus, and board governance experience.

Final reports from the *Employment Standards Code* and *Labour Relations Code* working groups were submitted to the government in winter 2017 and the Occupational Health and Safety Code groups were submitted in spring 2017.

In March 2017, the ministry launched public engagement on the reports of the *Employment Standards Code* and *Labour Relations Code* Farm and Ranch Technical Working Groups to give Albertans an opportunity to provide feedback on the recommendations. Labour received approximately 185 submissions by the public and stakeholders on the recommendations.

Revised employment standards and labour relations rules for the agriculture sector, incorporating the feedback received, will be released in 2017-18.

Key Strategy 3.2

Improve the delivery of employment standards to Albertans with a focus on providing quality, timely and fair services.

In 2016-17, 5,373 employment standards complaints were received, compared to 5,382 claims in 2015-16. In 2016-17, 5,663 complaints were completed, compared to 4,866 in 2015-16, representing a 16 per cent improvement. A complaint is considered completed when the investigation phase is complete. It means that an Employment Standard Officer has collected money or has exhausted all available options for resolving the complaint whether through voluntary resolution or issuing an order or decision.

In 2016-17, several initiatives were implemented to deliver timely services to Albertans. Among these, several reviews identified improvements in how existing resources are organized and utilized. Additionally, the ministry launched a comprehensive examination of its' service delivery model and a methodical review of its processes utilizing principles of Operational Excellence. These initiatives resulted in efficiency gains and an increase in overall productivity and outputs, leading to a significant reduction in the number of claims waiting processing, from 2,012 in February 2016, to 1,553 claims as of March 31, 2017, the lowest point since October 2015. For more information, see performance measure 3.c of this annual report.

Further improvement is necessary and through continued efforts, it is expected that the number of claims awaiting processing will be reduced in 2017-18. This will create the conditions necessary for incoming complaints to be more immediately actioned and for an overall more responsive employment standards system.

Employment Standards

	2014-15	2015-16	2016-17
Claims received	4,728	5,382	5,373
Complaints completed	5,197	4,866	5,663
Money recovered for Albertans	$4,010,645	$4,687,733	$4,617,142

In 2016-17, over $4.61 million in unpaid earnings were recovered for Alberta employees, compared to over $4.68 million in 2015-16. Unpaid earnings include wages, overtime pay, vacation pay, general holiday pay and termination pay.

Employment Standards Anonymous Tips and Inspections

Since 2014, the ministry has accepted anonymous tips concerning any allegations of non-compliance with legislation. In 2016-17, the anonymous tips program was reviewed and re-focused to enhance voluntary employer compliance through education balanced with stronger enforcement in cases where non-compliance continued to occur. The ministry also received 480 anonymous tips and concluded 508 this fiscal year.

Improving workplace compliance through a balanced approach of education and enforcement is an ongoing priority for Labour. In 2016-17, the ministry received 138,563 telephone inquiries and 9,729 email inquiries from employees and employers seeking information and education. Since 2015, Labour has enhanced its focus on education and enforcement, particularly for those who may be most vulnerable, through a dedicated inspections program. This fiscal year, over 670 inspections were completed, a majority of which were linked to temporary foreign workers or youth-related employment. Most of the inspections uncovered and remedied multiple violations of legislation, most commonly related to overtime, general holiday pay, and record keeping. An estimated 22,000 working Albertans are affected annually by employment standards inspections.

Employment Standards Anonymous Tips and Inspections

	2014-15	2015-16	2016-17
Anonymous tips received	415	568	480
Anonymous tips concluded	294	660	508[1]
Inspections completed	108	464	679

[1] Includes anonymous tips received in prior fiscal year and concluded in 2016-17.

Key Strategy 3.3

Prevent injury and illness in Alberta workplaces, in collaboration with partners and other ministries.

Partnerships in Injury Reduction

Partnerships in Injury Reduction (Partnerships) is a voluntary program in which employer and worker representatives work collaboratively with government to build effective health and safety management systems. By improving health and safety, the social and financial costs of workplace injury and illness are reduced.

As of March 31, 2017, there were 11,239 active employer Certificate of Recognition (COR) holders, a slight increase from the 11,110 on March 31, 2016. Certificates of Recognition are awarded to employers who develop health and safety programs that have been evaluated through an audit process and meet established provincial Partnerships Standards.

In 2016, employers who were COR holders had a nearly 37 per cent lower loss ratio in comparison to employers who were non-COR holders. The loss ratio compares the claims costs for a group of employers to the premiums they are paying. As a group, COR holders had fewer injuries and returned injured workers to the workplace sooner than non-COR holder employers. A lower loss ratio is a significant success this year, as most COR holders operate in industries with greater hazards.

Future Focused Research

The Occupational Health and Safety Futures Research Funding Program (OHS Futures) provides health and safety research funding for academic institutions, industry and labour organizations. OHS Futures enables OHS programs to have current and relevant scientific information by linking and connecting with experts to enhance occupational health and safety knowledge and capacity to support decision-making. During the third full year of operation, $737,975 was provided to fund eight research projects in 2016-17. The program funded a variety of projects, including:

- An examination of the incidence of non-reported work-related injuries among Licensed Practical Nurses in Alberta;
- Developing performance indicators for Alberta's Internal Responsibility System;
- An examination of immigrant employees' perspectives on occupational safety, work conditions and return-to-work experiences after occupational injury or illness;
- An evaluation of the effect of an audit-based occupational health and safety recognition program (e.g. Certificate of Recognition) on firm work injury rates in Alberta;
- A controlled dose-response human study to develop a signature of occupational diesel exhaust exposure;
- An evaluation of a respirable crystalline silica risk assessment model for the construction industry in Alberta;
- A project designed to develop new method of measuring welders' exposure to welding fumes using biomarkers (follow-up to previous year of funding); and
- A multi-year project examining the effects of welding, electrical trades or metal working jobs on women's health and fertility and male welder's health.

Occupational Health and Safety Innovation and Engagement Grants Program

In 2015-16, the ministry launched the Occupational Health and Safety Innovation and Engagement Grants Program to support external organizations undertaking prevention activities that will improve workplace health and safety culture and prevent workplace injuries, illness and fatalities through awareness and education and by stimulating action. In 2016-17, over $667,000 in funding (compared to $498,000 in 2015-16) was distributed to non-profit organizations and public sector organizations for projects aimed at improving occupational health and safety awareness, knowledge and action in Alberta. To allow time for program delivery and results analysis, results from the 2016-17 grants are expected to be received in 2018-19.

2016-17 OHS Innovation and Engagement Grants Program

Applications	2016-17	Recipients by Region	2016-17
Received	65	Calgary	11
Approved	33	Edmonton	14
Funds Allocated	$667,400	North	5
		South	3

Key Strategy 3.4

Improve workplace compliance with occupational health and safety and employment standards legislation by identifying workplace trends, balancing education and enforcement activities, and continuing evidence-based initiatives for those who may be most vulnerable to unsafe workplaces.

Occupational Health and Safety Inspections

In 2016-17, 8,648 inspections and 3,618 re-inspections were conducted, resulting in 7,848 occupational health and safety orders being written. In 2015-16, there were 6,073 inspections and 3,078 re-inspections, resulting in 7,335 occupational health and safety orders being written. Employers receive occupational health and safety orders when evidence indicates non-compliance to workplace legislation, as set out in the *Occupational Health and Safety Act,* Regulation and Code. Occupational health and safety orders include stop work orders, stop use orders, and compliance orders.

Occupational Health and Safety

	2014-15	2015-16	2016-17
Inspections conducted	6,073	6,073	8,648
Re-inspections conducted	3,550	3,078	3,618
OHS orders written	8,894	7,335	7,848

In 2016-17, 13 charges (11 in 2015-16) were prosecuted for the most serious occupational health and safety infractions, resulting in monetary fines totaling $1.6 million ($1.5 million in 2015-16). Individual fines ranged from $11,500 to $402,500. In 2016-17, 23 charges were laid against employers who were in violation of the *Occupational Health and Safety Act.* The number of charges laid is dependent on a number of factors, including the number of serious incidents that occur.

Under the *Occupational Health and Safety Act,* Regulation and Code, employers and workers can be ticketed for occupational health and safety infractions. Tickets are issued when there is non-compliance with a ticketable provision in the Occupational Health and Safety Regulation or Code. An example of a ticketable provision is an employer failing to ensure that workers are using or wearing required equipment. In 2016-17, 129 tickets were issued, with 54 tickets being issued to employers and 75 tickets being issued to workers, with the largest monetary penalty issued to an employer for $575. Since January 1, 2014, 327 tickets have been issued.

In 2016-17, nine administrative penalties were issued to employers, with fines ranging from $500 to $42,500. An administrative penalty is a monetary penalty issued for non-compliance of occupational health and safety legislation. The intention of the penalty is to improve behaviours before a health and safety-related injury or fatality occurs. A total of 25 administrative penalties have now been issued in Alberta since they came into force on October 1, 2013.

Corporate probation was introduced as a sentencing tool for occupational health and safety prosecutions in 2014. This tool goes beyond monetary penalties and calls for action from employers that can have an effect on cultural change beyond paying fines. In 2016-17, corporate probation was used three times. In February 2016, for the first time in Alberta, an employer was sentenced to serve community service for violating the *Occupational Health and Safety Act*.

What is Corporate Probation?

Corporate Probation is a court imposed penalty in which specific conditions are placed on the employer. Provisions of the corporate probation are decided upon by the courts and are actions which will affect cultural change beyond payment of fines. In the past, corporate probation has included: requiring the employer's corporate representative to implement, maintain and communicate policies and procedures; requiring the employer to issue an apology letter; and arranging for a third party audit of the company's health and safety management system.

While occupational health and safety and police officers currently coordinate when they investigate a serious workplace incident, in 2017-18, the government and ten police services across the province signed a Memorandum of Understanding to formally set our protocols to assess the situation and determine if it involves occupational health and safety violations, criminal activity or both.

Fort McMurray Wildfire

In May 2016, a wildfire swept through Fort McMurray displacing thousands of Albertans. In response, the ministry sent a rotation of occupational health and safety officers into Fort McMurray to monitor and/or inspect worksites through the clean-up, demolition and rebuilding process. Officers conducted over 1,600 occupational health and safety inspections and re-inspections. Alberta Labour is pleased to report that no serious incidents or fatalities were associated with the wildfire recovery efforts.

Fuel and Convenience Stores Focused Inspection Program

The ministry conducted focused inspection projects for fuel and convenience stores in 2016-17 to raise awareness of occupational health and safety hazards and to ensure awareness and compliance with occupational health and safety and employment standards regulations and codes. Officers conducted 378 fuel and convenience store inspections, including 257 initial inspections and 121 follow-ups from February 2016 to May 2016. Inspections were conducted province-wide to ensure all fuel and convenience store workers have a safe, fair and healthy workplace. In 2016-17, a total of 463 orders (an inspection may result in more than one order) were written to employers, with the majority of orders written under the Occupational Health and Safety Code. Of the total orders written, there were no Stop Work or Stop Use Orders issued. To ensure all Albertans working in fuel and convenience stores have safe and healthy workplaces, the ministry will continue to review this focused inspection program.

Proactive Occupational Health and Safety Initiatives

Proactive inspections yield results. In 2014-15, the ministry conducted proactive inspections in the residential construction sector. The number of falls from roofs on residential construction sites decreased from 20 to 9 between 2014-15 and 2015-16, thanks in part to the ministry's proactive efforts.

The ministry strives to proactively support employers and help Alberta employees stay safe at work. Proactive inspection programs help to enhance employer awareness of their responsibility to protect the health and safety of their workers, and heighten awareness of existing health and safety rules. Proactive inspections help provide the ministry with a better understanding of the level of compliance within an industry.

In September 2016, proactive inspection programs were launched for industries including residential construction, commercial construction, the healthcare sector, manufacturing, and the oil and gas industry, including small businesses. Approximately 680 employers in industries where workers might be more statistically likely to experience workplace incidents, based on Workers Compensation and compliance data, were identified for inspection. From September 2016 to March 31, 2017, approximately 739 inspections and 258 follow-ups were completed. The ministry is expecting to complete a total of 2,000 inspections by September 2017.

Farm and Ranch Reportable Incidents and Inspections

Since January 2016, seven fatalities and six reportable incidents that occurred on farms and ranches were reported to the ministry. Four of the fatalities were directly related to members of a farmer's family and therefore, did not fall under Occupational Health and Safety jurisdiction. The ministry investigated three fatalities, which resulted in the issuance of a Stop Use Order and a Demand. A Demand is a compliance tool that allows an Occupational Health and Safety officer to obtain necessary information during an incident investigation.

Of the six reportable incidents, one involved a federally regulated company and one involved a farmer's family member, both of which fell outside of Occupational Health and Safety jurisdiction. Four of the six reportable incidents were investigated by the ministry. Occupational health and safety investigations can result in additional enforcement action being taken.

In addition, the ministry also responded to an additional 12 farm and ranch occupational health and safety complaints resulting in seven inspections, with no orders being issued.

What is a Reportable Incident?

Section 18 of the *Occupational Health and Safety Act* defines a reportable incident as:

(a) An injury or accident that results in death;
(b) An injury or accident that results in a worker's being admitted to a hospital for more than 2 days;
(c) An unplanned or uncontrolled explosion, fire or flood that causes a serious injury or that has the potential of causing a serious injury;
(d) The collapse or upset of a crane, derrick or hoist; or
(e) The collapse or failure of any component of a building or structure necessary for the structural integrity of the building or structure.

Vulnerable Workers Proactive Inspections

In 2016-17, the ministry conducted joint occupational health and safety and employment standards proactive inspections focused on industries that employed vulnerable workers to ensure vulnerable workers are protected while working in Alberta. Research shows that vulnerable workers are more likely to be exploited in the workplace or subjected to unfair employment practices. Inspections were conducted on businesses employing vulnerable workers and at employers that had previously demonstrated chronic non-compliance.

In 2016-17, 263 employers received inspections and 420 workers were interviewed across 23 industries. Of the 420 employees interviewed, 353 were identified as vulnerable workers. A total of 287 inspections were completed, exceeding the target of 200 inspections. In addition, 201 follow-up inspections were completed. The inspection strategy resulted in 472 Compliance Orders being issued. Of these Compliance Orders, the top non-compliance areas were hazard assessment, emergency preparedness, first-aid and violence.

What is a Vulnerable Worker?

Vulnerable workers are identified as, but not limited to, youth, students, interns, immigrants, Indigenous people, seasonal and temporary workers, temporary foreign workers, low-skilled workers, independent contractors, workers who have multiple jobs and female workers in male dominated industries, as well as Albertans who are older, new and inexperienced, and those with disabilities.

Most employers work hard to treat their employees fairly. When employers ignore the law, the consequences can be devastating for workers' lives and livelihoods. This past year, an employer pleaded guilty to charges under the *Employment Standards Code*, which resulted in the recovery of over $83,000 in earnings on behalf of seven temporary foreign workers in Alberta. Protecting vulnerable workers' rights will continue to be a priority for the ministry in 2017-18.

Temporary Foreign Worker Advisory Office

The Temporary Foreign Worker Advisory Office collaborates with government and non-government partners to ensure temporary foreign worker rights are protected, educate temporary foreign workers and employers on their responsibilities and provide support and assistance to resolve situations involving unfair, unsafe or unhealthy working conditions.

Temporary Foreign Worker Advisory Office

	2014-15	2015-16	2016-17
Number of clients	4,500	3,300	3,375
Number of outreach presentations	62	57	101
Number of referrals made by the Office	5,400	4,000	2,680

The number of temporary foreign workers requesting one-on-one services continues to be lower than in 2014-15, as a result of fewer temporary foreign workers in the province. In 2016-17, the number of temporary foreign workers accessing services through the Temporary Foreign Worker Advisory Office increased from 2015-16 due to a higher number of participants attending educational presentations. This fiscal year, the Temporary Foreign Worker Advisory Office made 2,680 referrals to provincial, federal and non-profit partners regarding temporary foreign worker concerns.

The ministry also supported temporary foreign workers by providing $1.5 million in funding to immigrant settlement agencies in 2016-17 to assist them in supporting the settlement of temporary foreign workers into Alberta. Through immigrant settlement agencies, temporary foreign workers are provided with important information at community orientation sessions on topics such as how to access health care and community services, schools for children, housing, laws and other necessary information to adapt to life in Alberta. In 2016-17, an estimated 4,000 clients were provided assistance to transition into living and working in the province.

Key Strategy 3.5 Conduct a review of Alberta's worker compensation process and the Alberta Workers' Compensation Board to ensure workers and employers receive fair and equitable treatment.

As part of the Government of Alberta's review of all agencies, boards and commissions, a Review Panel was established to conduct a formal review of the province's workers compensation system, including the Workers' Compensation Board – Alberta, the Appeals Commission for Alberta Workers' Compensation and the Medical Panel Office, in March 2016. The goal of the review is to ensure the Workers' Compensation Board – Alberta provides fair compensation and meaningful rehabilitation in a way that is sustainable and affordable.

In Alberta, the Workers' Compensation Board is the administrator of the *Workers' Compensation Act*. The workers' compensation program is 100 per cent employer funded and operates with oversight from a 10-member board of directors.

The views of Albertans are an important part of the review. The Workers' Compensation Board Review Panel utilized several mechanisms to gather the views and perspectives of Albertans.

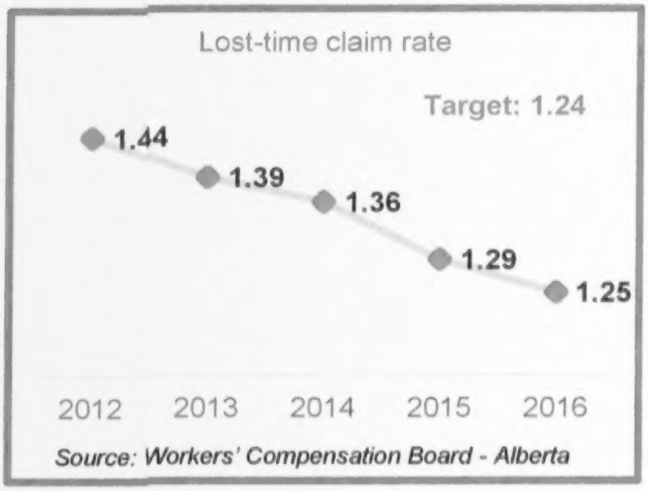
In November 2016, the Workers' Compensation Board Review Panel released a high-level summary of the input received to date. The input gathered will continue to be analyzed in greater detail. The Workers' Compensation Board Review Panel will continue to work together with stakeholders to examine and address many complex issues. A final report and recommendations is expected in spring 2017.

Performance Measure 3.a

Lost-time claim rate: Number of lost-time claims per 100 person-years worked

Target: 1.24 Result: 1.25

Levels of safety in Alberta as measured by the lost-time claim rate improved in 2016. The lost-time claim rate decreased to 1.25 in 2016 from 1.29 in 2015, but did not quite meet the 2016 target of 1.24. With the exception of 2011, the lost-time claim rate has seen a definitive decrease since 2006.



Source: Workers' Compensation Board - Alberta

Labour has many workplace initiatives that contribute towards the result of this measure, including focusing enforcement and education efforts on employers that have high rates of injury and disease and working with employers to improve performance and their occupational health and safety management systems.

Additionally, Labour has many programs that promote safe practices in the workplace, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards.

The ministry works to raise public awareness around health and safety issues, by providing educational materials on how to work safely and stay healthy on the job. Labour has also been working to enhance OHS compliance efforts through targeted inspections, ticketing employers and employees for unhealthy and unsafe work practices and trough the implementation of new service delivery models to achieve higher levels of consistency across the province.

There are also many external factors that influence the lost-time claim rate, including efforts by employers to implement safety programs, the attitudes of employers and workers, and the province's economic climate. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces and during an economic downturn there is more competition for work and workers may be more likely to accept precarious labour and employment practices. Some research findings indicate that injury severity, a worker's physical workload, as well as the employer's insurance premium rate may play a role when it comes to time loss.

Number of lost-time claims

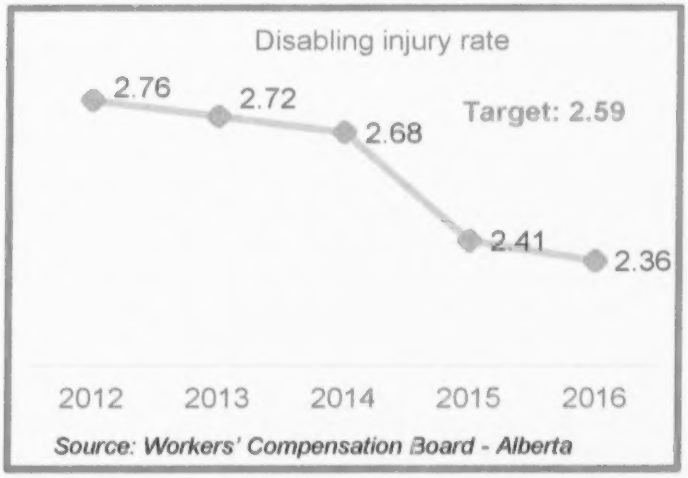
2012	2013	2014	2015	2016
27,682	27,925	28,355	26,017	23,649

Performance Measure 3.b

Disabling injury rate: Number of disabling injuries per 100 person-years worked

Target: 2.59 Result: 2.36

A disabling injury claim is a claim for an occupational injury or disease that causes the worker to have time away from work, beyond the day of injury or the worker's normal work duties were modified in order to not lose time. It is another method of measuring employment safety in Alberta.



Source: Workers' Compensation Board - Alberta

The disabling injury rate is similar to the lost-time claim rate, although it covers a broader range of injuries, including those that are less severe in nature (do not require time away from work). Labour monitors are both the disabling injury rate and the lost-time claim rate as the disabling injury rate focuses on broader worker safety and the lost-time claim rate focuses more on lost productivity and relatively severe injuries and diseases.

The disabling injury rate in Alberta continued to improve in 2016 decreasing to 2.36 (from 2.41 in 2015). The result was significantly lower than the target of 2.59 (by 0.23). With the exception of 2011, the disabling injury rate has seen a definitive decrease since 2006.

As with the lost-time claim rate, there are many factors that influence the disabling injury rate result. Many of Labour's workplace initiatives contribute towards the result for this measure, including focusing enforcement effort and education efforts on employers and industries that have high rates of injury and disease and working with employers to improve performance and safety management systems.

Labour also has many programs that promote safe practices in the workplace, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards.

Number of disabling-injury claims

2012	2013	2014	2015	2016
53,188	54,646	55,817	48,427	44,543

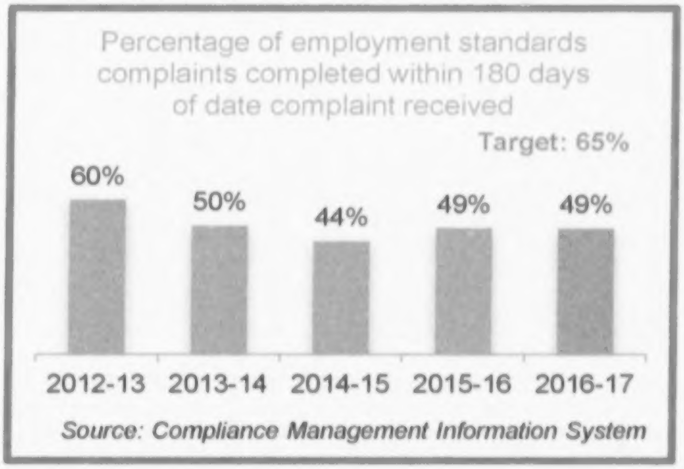
The ministry has also been enhancing its OHS compliance efforts through targeted inspections, a move towards ticketing employers and employees for unsafe work practices and implementing new service delivery models to achieve higher levels of consistency across the province.

A number of external factors also affect the result for this measure, including efforts by employers to implement safety programs, attitudes of employers and workers and external forces arising from the economic cycle. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces and during an economic downturn there is more competition for work and workers may be more likely to accept precarious labour and employment practices.

Performance Measure 3.c

Percentage of employment standards complaints completed within 180 days of date complaint received

Target: 65%   Result: 49%


Percentage of employment standards complaints completed within 180 days of date complaint received

Source: Compliance Management Information System

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation. When workers file a complaint with the ministry alleging this has not occurred, they expect a timely resolution.

In 2016-17, 49 per cent of the 5,651 employment standards complaints received were completed within 180 days of the date the complaint was received. This result is consistent with the result obtained in 2015-16 and does not meet the stretch target of 65 per cent. The ministry has set a service-level target for this measure and is actively working towards improving the result. Each complaint is unique and very complex investigations take additional time and significant resources. While the ministry strives for timely completion, investigators must ensure in all cases that investigations are thorough, of high quality and fair to all parties. As of March 31, 2016, there were 45 employment standards officers and eight intake staff located across the province.

To improve the timely delivery of employment standards services to Albertans, while maintaining quality and fair processes, the ministry implemented several initiatives in 2016-17. Among these, a structural review was completed to ensure that existing resources are being optimally utilized and organized. This resulted in the redeployment of eight staff positions to support timelier complaint processing. Another review revealed declining demand among clients seeking services in-person. This resulted in changes to use the provincially accessible Employment Standards Contact Centre more effectively and enabled resources to refocus on timelier complaint processing. In a third review of the Anonymous Tips Program, several improvements and efficiencies were introduced to ensure that tips received are most effectively and efficiently assessed, triaged and actioned.

In addition to taking immediate steps to improve timeliness, the ministry also launched a comprehensive examination of its service-delivery model and processes. In 2016-17, the ministry reviewed the models and practices of 15 agencies, including employment standards programs across Canada and Australia, as well as comparable enforcement agencies in Alberta. The ministry also methodically examined and improved several of its' employment standards processes using the principles of Operational Excellence. This resulted in efficiency gains and an overall increase in productivity and outputs. The number of claims waiting processing was reduced to 1,553 claims as of March 31, 2017, the lowest point since October 2015.

Further improvement is necessary and through continued efforts, it is expected that the number of claims awaiting processing will be reduced in 2017-18. This will create the conditions necessary for incoming complaints to be more immediately actioned and for an overall more responsive employment standards system.

Alberta's economic conditions can influence the result for this measure as employers that owe money to employees may be less able to pay and employees who are owed earnings may be more eager to receive all to which they are entitled.

Beginning in 2016-17, the methodology for this measure was changed. Under the revised methodology, the measure only assesses the processing time that is within the ministry's control. Under the new methodology, the completion of an employment standards complaint does not mean a person has received all the funds to which they are entitled. A completed employment standards claim means that the investigation phase is complete and resulting in one of the following outcomes: the employee is advised there are no earnings due, the employee has received all the funds to which they are entitled, or the employer has been ordered to pay the employee a sum of money and the claim has been forwarded to collections. Historical results for this measure were recalculated utilizing the revised methodology.

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of employment standards complaints received	7,343	6,625	5,198	4,866	5,651
Number of employment standards complaints completed within 180 days	4,439	3,281	2,308	2,407	2,742

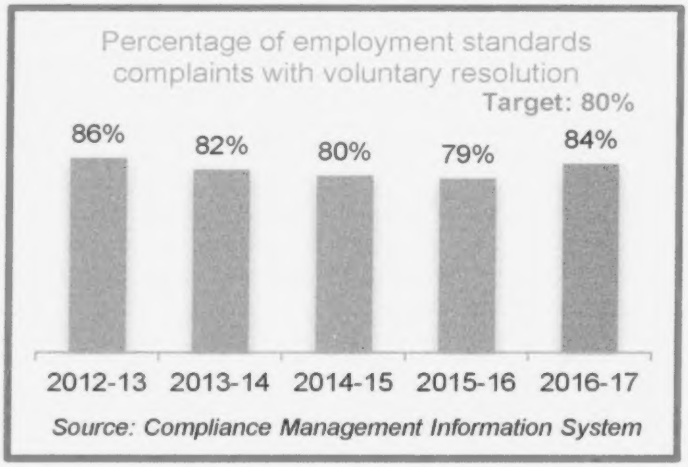
Performance Measure 3.d

Percentage of employment standards complaints with voluntary resolution

Target: 80% Result: 84%

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation, working to promote the voluntary resolution of employment standards complaints.

In 2016-17, 84 per cent of employment standards complaints were resolved voluntarily. This represents a 5 per cent increase from the result achieved in 2015-16 and meets the 2016-17 target of 80 per cent.



Source: Compliance Management Information System

Each complaint is unique and not all situations lend themselves to voluntary resolution. Where a voluntary resolution cannot be achieved, the ministry takes appropriate investigation and enforcement steps.

The ministry actively promotes the voluntary resolution of employment standards complaints through mediation, settlement or compromise. The voluntary resolution of an employment standards complaint can include full payment of earnings, an amount the employee believes is satisfactory or advising the employee there are no earnings due, which results in concluding the complaint. All parties maintain the right to a full investigation and appeal process.

Alberta's economic conditions can influence the result for this measure as employers that owe money to employees may be less able to pay and employees who are owed earnings may be more eager to receive all to which they are entitled.

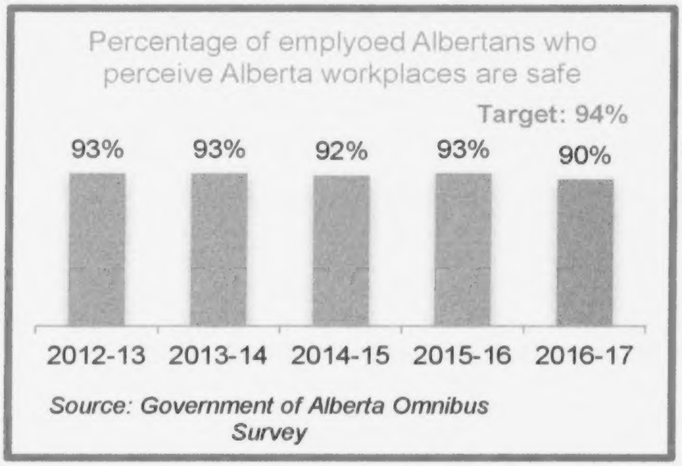
Beginning in 2016-17, the methodology for this measure was changed. Under the revised methodology, complaints where a voluntary resolution is not possible (e.g. the employer is bankrupt, the business has failed, the employer is in receivership or the claim is abandoned) are excluded from the calculation. Historical results for this measure were recalculated utilizing the revised methodology.

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of employment standards complaints eligible for voluntary resolution	6,347	5,948	4,745	4,505	4,830
Number of employment standards complaints resolved voluntarily	5,463	4,866	3,800	3,544	4,064

Performance Measure 3.e Percentage of employed Albertans who perceive Alberta workplaces are safe

Target: 94%   Result: 90%

The ministry works across the province to promote safe, fair and healthy workplaces where workers feel safe and comfortable to work.



Source: Government of Alberta Omnibus Survey

The province's workplaces continue to be considered safe by the majority of workers: nearly 90 per cent of employed Albertans surveyed said they felt at least somewhat safe at work in 2016. The result for this measure has been consistently high since 2012. Approximately half (49 per cent) of respondents felt the provinces workplaces are very safe, a slight decline of four percentage points from the prior year. Another 41 per cent felt that Alberta's workplaces are somewhat safe. While the result for this measure is three per cent lower than the result obtained in 2015 and four per cent lower than the target, the variance is not considered statistically significant as the result falls within the confidence interval of +/- 4.2 per cent 19 times out of 20. In 2016-17, Alberta experienced a major downturn in the economy which may have an effect on the perception of safety of Alberta's workplaces, as there is increased competition for work and workers are more likely to accept more precarious labour and employment practices.

In addition to external factors (prior education, work experience, overall job market), workplace initiatives by the Labour contribute towards the result of this measure. Labour strives to work with employers to improve performance and their safety management systems. Labour has many programs that promote safe practices in the workplace, such as Certificates of Recognition.

The Ministry works to raise public awareness to promote healthy and safe worksites, by providing educational materials on how to work safely and stay healthy on the job. Over the past few years, Labour has also worked to enhance OHS compliance efforts through targeted inspections, ticketing employers and employees for unhealthy and unsafe work practices and implementing new service delivery models to achieve higher levels of consistency across the province.

Perceived safety of Alberta Workplaces

Year	Very Safe	Somewhat Safe	Total
2012-13	48%	45%	93%
2013-14	53%	40%	93%
2014-15	48%	44%	92%
2015-16	53%	40%	93%
2016-17	49%	41%	90%

In 2016-17, the ministry completed a comprehensive review of its suite of performance measures with changes being introduced into the 2017-20 business plan. This measure was discontinued in the 2017-20 business plan and replaced with stronger measures that better assess the ministry's progress towards ensuring Alberta's workplaces are safe and healthy. This measure will not be reported on in the 2017-18 Labour Annual Report.

Outcome Four: Albertans have access to timely, fair and independent appeal services through the Appeals Commission for Alberta Workers' Compensation

The results under Outcome Four represent the work of the Appeals Commission for Alberta Workers' Compensation. The Appeals Commission for Alberta Workers' Compensation is a quasi-judicial tribunal operating under the authority of the *Workers' Compensation Act* as the final level of appeals for workers' compensation matters in Alberta. Its mission is to provide a timely, fair and independent appeals process consistent with legislation, policy and principles of natural justice. To ensure impartial and unbiased adjudication, legislation prohibits the appointment of Workers' Compensation Board (WCB) employees or members of the WCB Board of Directors as commissioners. The Appeals Commission is independent of the Workers' Compensation Board – Alberta and is accountable to the Minister of Labour.

Key results and highlights during 2016-17 which support this outcome include:

- The average number of days to complete an appeal was reduced by 14 days, to 131 days in 2016-17; and
- The Appeals Commission continued to see support for its decisions from the Office of the Ombudsman, Courts and its own reconsideration process with over 98 per cent of decisions not challenged or upheld.

Key Strategy 4.1

Continue to provide timely and fair appeal services through the Appeals Commission for Alberta Workers' Compensation.

The Appeals Commission currently has 55 adjudicators – 20 full time hearing chairs and 35 part time appeals commissioners. In 2016-17, three new full time hearing chairs and four new part time appeals commissioners were added. Approximately 90 per cent of appeals are held in person by a three person adjudication panel.

Appeals Commission for Alberta Workers' Compensation

	2014-15	2015-16	2016-17
Number of appeals received	959	876	779
Average number of days from the date the appeal is filed to the first hearing date offered	157	145	131
Average number of days from the hearing to the decision issued date	31	28	30

The Appeals Commission received 779 appeals in 2016-17 compared to 876 in 2015-16. During the year, the Appeals Commission continued its efforts to reduce the amount of time to complete an appeal. The average number of days was reduced by 14 days from 145 in 2015-16 to 131 in 2016-17 and builds on the 12 day improvement seen between 2014-15 and 2015-16. This number is expected to decrease further in the coming year as continued efficiencies are gained through electronic appeals processing. The average number of days from the hearing date to the decision issued date increased to 30 from 28 in the prior year.

Key Strategy 4.2

Enhance the existing quality management program to ensure the quality and timelines of the decisions published by the Commission.

In March 2016, the Government of Alberta announced a review of the Workers' Compensation System, which included the review of the Appeals Commission. To effectively utilize resources and ensure consistency, the Appeals Commission delayed development and implementation of procedural enhancements until the results of the review of the Workers' Compensation System are released. The results of the review are expected in 2017-18. The Appeals Commission will respond any recommendations from the Workers' Compensation System review.

In 2016-17, the Appeals Commission conducted stakeholder satisfaction surveys and the information collected will be used to further refine the Appeals Commission's quality management program. The results from the survey will be released in 2017-18. In conjunction with any recommendations from the review of the Workers' Compensation System review, the Appeals Commission will develop and implement procedural enhancements based on the stakeholder feedback received.

Key Strategy 4.3

Enhance access to justice by providing stakeholders with the assistance they require to be active participants in the appeals process.

The Appeals Commission is committed to offering a fair and accessible process by providing participants with tools and resources to guide them through the appeal process. A series of practice guidelines, posted on the Appeals Commission website, were updated and streamlined in February 2017 to ensure effective and impartial information is available to parties appearing before the Appeals Commission.

This year, the Appeals Commission conducted focus groups, both internally and externally, to gather feedback surrounding Appeal Documents Packages. Amendments to Appeal Documents Packages, which help to ensure effective and efficient appeals process, are expected in 2017-18. The Appeals Commission will also respond to any recommendations from the Workers' Compensation System review.

Key Strategy 4.4

Enhance information technology resources, including transitioning to electronic document management, to enable the Commission to be more responsive and timely in the course of an appeal.

To better serve Albertans, the Appeals Commission aims to ensure a timely and independent appeals process. The Appeals Commission continues to be a leader in the utilization of technology during the appeals process and continues to work toward utilizing technology to permit witnesses to attend a hearing remotely (via video conference) and to facilitate the exchange of electronic documents with appellants and interested parties. Based on prior trials of electronic document sharing with external parties, the Appeals Commission plans to move from a paper-based to electronic-based adjudication in the coming year.

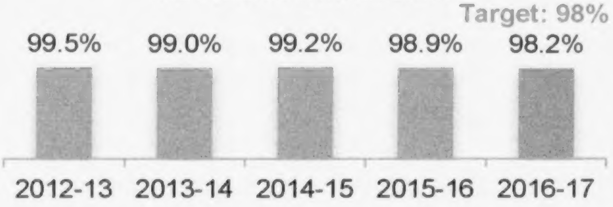
Performance Measure 4.a

Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman

Target: 98% Result: 98.2%

This performance measure reflects the Appeals Commission's commitment to excellence in the decision-making process. In 2016-17, 98.2 per cent of decisions were not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman. This result meets the target of 98 per cent and is consistent with the result achieved in the prior year.

Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman



Source: Appeals Commission Electronic Management System

The Appeals Commission has consistently achieved a high result for this measure, reflecting its commitment to meet the high standards expected of administrative law tribunals. Stakeholders can expect an orderly and predictable appeals environment and that the decisions of the Appeals Commission will be consistent with policy and legislation and other decisions of the Appeals Commission.

Appeals are heard by a panel of three commissioners which are drawn from a diverse pool of expertise and recruited based on objective competencies and demonstrated leadership and achievement. Commissioners are supported by Appeals Commission staff, most of which have advanced training in administrative law which further contributes to the quality of the decisions rendered by the Appeals Commission. Given the nature and complexity of appeals received by the Appeals Commission it is proud of its achievement for this measure and is committed to continuing to provide high quality decisions for Albertans.

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of appeals concluded	873	997	897	830	650
Number of decisions challenged	4	10	7	9	12

Outcome Five: Albertans have the skills required by Alberta's labour market

Supporting Albertans through the economic downturn remains a priority for the ministry. The ministry focuses on developing policy and labour market information and targeted programs and services to address Alberta's labour market challenges and support skills training for Albertans. The ministry prepares and assists Albertans to get back to work and to train for available employment. It works with Albertans and Alberta employers to address skills mismatches, increase the labour force participation of Albertans who are willing and able to work, and helps marginally employed Albertans by providing training programs, particularly targeting under-represented groups, such as youth, newcomers, Indigenous people and women to build a stronger and diversified workforce.

Key highlights and results from 2016-17 to support this outcome include:

- Over 10,000 Albertans were approved for training through the federally funded Canada-Alberta Job Grant;
- Training services for Albertans were made more responsive to the labour market by expanding and transferring training programs from other government departments to Labour to help underemployed and marginally employed Albertans; and
- Focusing ministry programs and supports to ensure Albertans remain close to the labour market and help them secure employment.

Key Strategy 5.1 **Provide funding for occupation related training for unemployed or marginally employed Albertans to help them enter or re-enter the workforce.**

Canada-Alberta Job Grant

The Canada-Alberta Job Grant is a federal-provincial partnership through which employers and government share the cost of training Alberta employees. The objective of the Canada-Alberta Job Grant is to respond to Alberta's labour challenges and train current and new employees in the skills required to improve performance in new and current roles and help build a foundation for future employment.

In 2016-17, approximately $17.9 million in funding was committed to over 4,500 Canada-Alberta Job Grant applications resulting in over 10,600 Albertans approved for training (an individual may have been trained more than once).

A full evaluation of the Canada-Alberta Job Grant will be completed by March 2018 as part of the federal agreement. The evaluation will be used to provide the federal government with information on who is benefiting from the funding and the efficiency and effectiveness of the program. For information on the Canada-Alberta Job Grant, visit albertacanada.com/jobgrant.

Canada-Alberta Job Grant

	2015-16	2016-17
Applications Received	5,316	6,135
Applications Approved	3,786	4,511
Albertans Approved for Training[1]	11,144	10,611
Funds Committed	$16.5M	$17.9M

[1] An individual Albertan may have been trained more than once.

Key Strategy 5.2

Develop and administer workplace training and employment programs to ensure employees are being trained in high-demand areas and to assist employers in developing workers and addressing skills mismatches.

Employer Liaison Service

The ministry continues to support and assist Albertans in returning to work, as well as building a resilient, strong and skilled workforce. This year, in partnership with the Government of Canada, Labour developed an Employer Liaison Service pilot project to assist employers in attracting, hiring and retaining Albertans in 29 high-skill occupations. The pilot project was launched in April 2017 and is expected to run for two years. The service will also support employers in creating opportunities for people who are under-represented in the workforce, including Indigenous peoples, youth, newcomers and persons with disabilities.

Employment and Training Programs

Regional operations were streamlined in 2016-17, which included transferring oversight and management of approximately 150 training and employment contracts and grants, previously managed through the former Ministry of Human Services to the Ministry of Labour. These contracts were held with various employment and training providers across the province to help unemployed Albertans get back to work, as well as provide retraining opportunities for new and emerging occupations in the economy. In 2016-17, the ministry provided additional funding to programs in following streams:

- **Training for Work Programs** – these contracts provide occupationally-focused training opportunities enabling individuals to get a job and improve their employment situation, adapt to changing labour conditions or gain skills to sustain employment.
- **Workforce Partnerships** – these grants support Albertans in finding employment. The Government of Alberta partners with stakeholders to create a variety of training and skill enhancement opportunities. This includes Self-Employment, Integrated Training and Transition to Employment. The intent of these partnerships is to assist employer groups, organizations, industry sectors, Indigenous communities and municipalities with common labour market needs.

Throughout 2016-17, more than 4,500 Albertans received services through government-funded training programs, which include Training for Work, Aboriginal Training to Employment and the First Nations Training to Employment Program. These programs assist Albertans to obtain new skills and connect to jobs, as well as create their own employment opportunities through self-employment training.

Across the province the ministry focused on providing more services to the recently unemployed or those receiving Employment Insurance. This included re-introducing the Self Employment and Workplace Training programs back into 25 communities across the Province, helping to connect unemployed Albertans with new career and entrepreneurial opportunities. In addition, 11 new Integrated Training programs were introduced to address local labour market demand for skills training, some of which include agriculture, trades, truck driving, early learning and child care development, and more. The ministry developed a streamlined Provincial approach to contracting with multiple service providers, which helped to provide additional services for Albertans across the province in a timely manner.

In the last four months of the year, the ministry signed more than 24 new contracts with service providers to provide access to skills training, self-employment training, as well as job placement services targeting unemployed Albertans in both rural and urban communities. As a result, 54 communities across the province now have access to training and employment services.

Labour Market Information

In addition, the ministry regularly updates tools to assist industry and employers with understanding the labour market. These tools include:

- Sector Intelligence Model (formerly OILMAP);
- Advanced Labour Market Analytics; and
- Labour Market Information.

For more information see key strategy 6.2 of this annual report.

Key Strategy 5.3

Improve participation in Alberta's workforce through targeted initiatives to support and assist all Albertans, and in particular, under-represented groups, in being better prepared to fully participate in Alberta's economy.

The ministry actively partners with industry stakeholders to develop timely and relevant labour market information to support informed planning and decisions of Albertans looking to fully participate in Alberta's economy.

Future Ready

Future Ready is a Government of Alberta initiative focused on ensuring every Albertan has the education, skills and training they need to succeed in a changing economy. The Future Ready Initiative covers a wide range of policies and initiatives from multiple ministries, including investments in training, a review of Kindergarten to Grade 12 curriculum and developing and modernizing schools to ensure Albertans are well positioned to secure rewarding careers.

GenA

The GenA program was developed to help address the significantly higher unemployment rate that Alberta's youth face during an economic downturn and aligns closely with the Government of Alberta's Future Ready Initiative. In partnership with Prospect Human Services, the program was first launched in Calgary and Edmonton in June 2016. The focus of the initiative is to prepare youth for success in Alberta's job market and in a diversified economy. The GenA initiative assists Albertans between the ages of 18 to 30 years in securing employment while highlighting the benefits of hiring youth to employers. The two year pilot project received $1.7 million in grant funding from the Government of Alberta and is expected to help more than 1,200 youth, placing 350 directly into jobs as well as connecting 200 employers with prospective employees. By March 31, 2017, 112 young Albertans had found jobs through the GenA program.

Women Building Futures

Women Building Futures helps women succeed in non-traditional careers inspiring positive economic change. Labour has provided nearly $2.4 million in total funding over the past two fiscal years to Women Building Futures through two different grants which continue to support and encourage young women to enter the trades. This funding is expected to support over 8,000 Albertans in accessing training provided by Women Building Futures by 2018. The funding helps women learn about the trades as a career and provides them with a strong basis to enter the construction industry. The innovation grant funding supports Women Building Futures in re-designing curriculum into a series of short online courses to allow women to complete courses while working. Additionally, the grant supports new course development to make content more relevant for Indigenous women and program delivery to rural and Indigenous women.

CAREERS: The Next Generation

Labour partners with other government ministries to provide CAREERS: The Next Generation with funding to raise awareness among youth regarding career options. The CAREERS program also partners with employers, educational institutions, communities and industries across Alberta to assist youth in planning for employment in the trades, health services and technology sectors. In 2016-17, government ministries funded a total of $1.99 million into the program. Labour contributed $400,000 in funding with $200,000 of the funding directly supporting programs for Indigenous youth.

Forces@Work

In December 2015, a $646,000 grant was given to Prospect Human Services to deliver the Forces@Work placement program. The program provides transition supports for ill and injured Canadian Armed Forces veterans, medical releases, reservists and family members of serving personnel to transition from military-to-civilian careers by delivering job placement and employment retention support to individuals and employers. During 2016-17, the first year of operation, the program accepted 124 participants and connected 70 individuals to employment in a wide cross section of industries. Of the 124 participants in the placement program, 70 per cent have secured civilian employment that is on par with or has exceeded their military careers in terms of civilian equivalencies in rank and compensation. Nineteen of these individuals identified as being a person with disability, 35 participants had families they were supporting and 44 were single individuals. The Forces@Work program will run until March 31, 2018.

Key Strategy 5.4

Assist young Albertans in entering the Alberta labour force through the Summer Temporary Employment Program (STEP).

Summer Temporary Employment Program

In 2016, approximately 2,700 students gained valuable work experience at more than 1,100 employers through the Summer Temporary Employment Program (STEP). The program helps students gain valuable work experience while assisting small businesses, non-profit organizations, public libraries, school boards, publicly funded post-secondary institutions, municipalities and First Nations and Métis settlements to access a new workforce. Additionally, in 2016, STEP was available to small businesses for the first time. This important expansion provided small businesses with better access to summer students and expanded the range of opportunities available to students across the province to gain work experience.

The program is part of the Government of Alberta's Future Ready initiative to co-ordinate education and training from kindergarten to worker, to ensure all Albertans have the skills and knowledge they require to succeed in a changing economy.

The economic downturn, along with the launch of a federal summer student employment program, meant that some employers who initially applied to participate in the program were unable to hire a student or decided to accept federal funding for their student positions, leading to a withdrawal from STEP. As a result, $8 million of the $10 million budgeted for the 2016 year was allocated to employers, supporting the employment of 2,700 students. Program adjustments were made to support the full allocation of funds in the 2017-18 year, including implementing a wait list to provide the ministry with a greater responsiveness when withdrawals are received.

The 2017 program launched in January 2017 with a simplified application process to improve program delivery, and adjusted employer placement caps. In 2017, $10 million will support between 2,500 and 3,000 students across the province to access employment opportunities. More than 3,000 applications from prospective employers were received from employers for the summer 2017 program, with eligibility determined by April 2017.

An evaluation of STEP is expected to be completed in December 2017, following a full year of program implementation.

For more information on the Summer Temporary Employment Program, visit www.albertacanada.com/STEP.

Key Strategy 5.5 Contribute to the implementation of recommendations outlined by the Truth and Reconciliation Commission and the United Nations Declaration on the Rights of Indigenous Peoples.

Labour funds a number of projects and organizations that provide employment and training services that support the participation of Indigenous people in the workforce. In partnership with the Indigenous communities, Labour delivers two skills training programs, First Nations Training to Employment and Aboriginal Training to Employment. The training programs are partnerships designed to create training and work experience projects that lead to employment. These partnerships assist unemployed or marginally employed First Nations members (primarily those living on reserves) in gaining the necessary skills and work experience to obtain long-term employment. The partnership brings together a First Nation Band, Tribal Council or Treaty organization, Alberta Labour, and an industry partner, such as an employer, association or union. The training programs are initiated by the First Nation and supported by the ministry for training costs. There are currently 53 Aboriginal Training to Employment and First Nations Training to Employment agreements in place throughout the province.

The Summer Temporary Employment Program also provides funding for First Nations and Métis Settlements to help students gain valuable work experience. For additional information see key strategies 5.3 and 5.4 of this annual report. The Canada-Alberta Job Grant added eligibility for Aboriginal Governments providing them the ability to access funds for training purposes. Women Building Futures also works to make content more relevant for Indigenous women.

Additionally, Labour launched a training initiative to support ministry staff in developing a better understanding of the historic challenges Indigenous people have faced, developing an understanding of the current situation of Indigenous people in the province, and increasing cultural awareness. A better understanding will help staff develop programming that better responds to the needs of Indigenous Albertans and ensure effective communication with Indigenous Albertans. One training session was held this year with staff from across the ministry and additional training is ongoing.

To further the implementation of recommendations outlined by the Truth and Reconciliation Commission and the United Nations Declaration on the rights of Indigenous Peoples, the ministry's Indigenous Partnership Coordinators provide direct relational support to Indigenous communities throughout Alberta. They provide culturally-respectful, engaging support and often represent the face of Labour in their perspective communities. In particular, Indigenous Partnership Coordinators:

- develop collaborative, constructive working relationships with Indigenous communities, stakeholders and industry, as well as cross-provincial ministries and federal partners;
- facilitate the development of programs to support Indigenous peoples' workforce participation through the First Nations Training to Employment Program, Aboriginal Training to Employment Program and relevant Labour Market Partnership programs; and
- provide information on internal and external programs and services that may benefit the labour market needs and priorities of the Indigenous community.

The work of the Indigenous Partnership Coordinators supports Article 21(1) of the United Nations Declaration on the Rights of Indigenous Peoples which states: "Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including inter alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security".

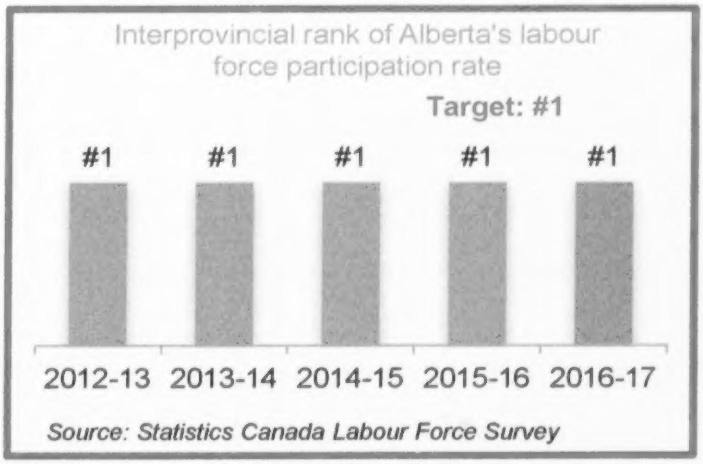
Performance Measure 5.a

Interprovincial rank of Alberta's labour force participation rate (#1 is the highest)

Target: #1 Result: #1

A strong economy requires an active labour force. The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. Even with fluctuations in the economy, there are still industries where labour shortages exist. The interprovincial rank of Alberta's labour force participation rate measures Alberta and Labour's effectiveness in addressing labour force needs relative to that of other provinces.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed). With this performance measure, the rate for Alberta is compared to the nine other Canadian provinces.



Source: Statistics Canada Labour Force Survey

At 72.5 per cent, Alberta had the highest labour force participation rate in Canada in 2016. The labour force participation rate for Alberta decreased slightly in 2016, from 73.0 per cent in 2015. Alberta ranks number one among all Canadian provinces, with a participation rate 2.7 percentage points higher than number two-ranked Saskatchewan, where the participation rate was 69.8 per cent. Alberta's participation rate is significantly higher than the national labour force participation rate of 65.7 per cent.

In 2016-17, the ministry completed a comprehensive review of its suite of performance measures with changes being introduced into the 2017-20 business plan. This measure will be discontinued in the 2017-18 Labour Annual Report to better focus the ministry's performance measures on stronger measures that assess the ministry's progress. The measure will be replaced by the percentage of training-for-work clients reporting they are either employed or in further education or training after leaving a skills training program. The ministry will continue to report the labour force participation rate of Albertans as a performance indicator.

Performance Indicator 5.a

Labour force participation rate of:
- All Albertans
- Aboriginal Albertans living off-reserve
- Alberta's immigrant population
- Alberta youth (aged 15-24)

Interprovincial rank of Alberta's labour force participation rate

Reporting Year	2012	2013	2014	2015	2016
All Albertans	73.6%	73.1%	72.7%	73.0%	72.5%
Aboriginal Albertans living off-reserve	71.0%	71.9%	72.2%	70.7%	70.3%
Alberta's immigrant population	70.1%	68.4%	69.9%	70.4%	70.4%
Alberta youth (aged 15-24)	68.2%	67.9%	67.4%	68.6%	67.6%

A strong economy requires an active labour force. The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. This performance indicator helps show areas where Alberta's labour force may not be as strong and can be used to formulate employment policies, determine potential training needs and inform the development of targeted programs.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed).

All Albertans:

Though the labour force participation rate for Alberta decreased slightly in 2016, Alberta ranks number one among all Canadian provinces, with a participation rate of 72.5 per cent, down from 73.0 in 2015. Alberta's labour force participation rate is 2.7 percentage points higher than number two-ranked Saskatchewan, where the participation rate was 69.8 per cent. Alberta's participation rate is significantly higher than the national labour force participation of 65.7 per cent.

Aboriginals living off-reserve:

The labour force participation rate for the First Nations, Métis and Inuit population in Alberta decreased slightly in 2016. It moved to 70.3 per cent in 2016 from 70.7 per cent in 2015. The labour force participation rate for Indigenous Albertans living off-reserve ranked number one compared to the rates in the other nine provinces.

Alberta's immigrant population:

The labour force participation rate for Alberta's landed immigrant population was unchanged at 70.4 per cent in 2016. Alberta's immigrant labour force participation rate compared positively to the rates in the other nine provinces. Alberta ranked second across the country behind number one ranked Saskatchewan at 75.3 per cent.

Alberta youth (aged 15-24):

The labour force participation rate of Alberta youth (aged 15-24) decreased in 2016. It moved to 67.6 per cent in 2016 from 68.6 per cent in 2015. Alberta compared positively to the other nine provincial rates, ranking number two across the country in 2016. The highest ranked province was Prince Edward Island at 69.3 per cent. Though the labour force participation of Alberta youth has experienced a declining trend, it does have the potential to rise in the future as Alberta's economy continues to grow. Targeted strategies to increase the labour force participation of under-represented groups including Alberta youth may contribute to a positive growth in labour force participation in the future.

In 2016-17, the ministry completed a comprehensive review of its suite of performance measures with changes being introduced into the 2017-20 business plan. Beginning in the 2017-18 Labour Annual Report the indicator will be modified to focus on the core working age population (Albertans aged 25-64) to more clearly demonstrate Alberta's labour force participation rate, reflecting that Albertans aged 15-24, may be more likely to pursue educational programs rather than employment.

Performance Indicator 5.b	Unemployment rate of: - All Albertans - Aboriginal Albertans living off-reserve - Alberta's immigrant population - Alberta youth (aged 15-24)

Unemployment rate

Reporting Year	2012	2013	2014	2015	2016
All Albertans	4.6%	4.6%	4.7%	6.0%	8.1%
Aboriginal Albertans living off-reserve	11.3%	8.7%	8.1%	11.7%	13.8%
Alberta's immigrant population	5.5%	5.2%	5.3%	7.1%	9.8%
Alberta youth (aged 15-24)	9%	8.5%	9.5%	10.7%	13.1%

Supporting Albertans through the economic downturn continues to be a priority for the ministry. The unemployment rate provides an indication of the working age population actively seeking employment. It helps to show areas where Alberta's labour force may not be as strong and can be used to help identify where training programs can be focused to help ensure Albertans have the skills required by Alberta's labour market. Alberta's unemployment rate in 2016 was the highest it has been in recent years across all segments. However, as the labour force participation rate indicates, participation in Alberta's labour force remains high.

The unemployment rate represents the percentage of the labour force that is unemployed and actively seeking employment.

All Albertans:

Alberta's unemployment rate was 8.1 per cent in 2016, up 2.1 percentage points due to the effects of the economic downturn in Alberta. Alberta's unemployment rate at 8.1 per cent ranked sixth among the ten provinces. British Columbia at 6.0 per cent had the lowest and Newfoundland and Labrador at 13.4 per cent had the highest. Alberta's rate at 8.1 per cent was 1.1 percentage points above the national average at 7.0 per cent.

Aboriginals living off-reserve:

The unemployment rate for Aboriginal peoples living off-reserve in 2016 is also up 2.1 percentage points. Alberta's unemployment rate for Aboriginals living off-reserve at 13.8 per cent ranked fifth among the ten provinces. Ontario at 10.0 per cent had the lowest and Prince Edward Island at 26.5 per cent had the highest. Alberta's Aboriginals living off-reserve rate at 13.8 per cent was 1.4 percentage points above the national average for Aboriginals living off-reserve at 12.4 per cent.

Alberta's landed immigrant population:

The unemployment rate for Alberta's landed immigrant population in 2016 is also up 2.7 percentage points. Alberta's unemployment rate for landed immigrants at 9.8 per cent ranked last, tied with Quebec among the ten provinces. British Columbia at 5.9 per cent had the lowest. The landed immigrants rate at 9.8 per cent was 2.3 percentage points above the national average for landed immigrants at 7.5 per cent.

Alberta youth (aged 15-24):

The unemployment rate for Alberta youth has also increased 2.4 percentage points. Alberta's youth unemployment rate at 13.1 per cent ranked fourth among the ten provinces. British Columbia at 10.3 per cent had the lowest and Newfoundland and Labrador at 16.7 per cent had the highest. Alberta's youth rate at 13.1 per cent was the same as the national average for youth at 13.1 per cent.

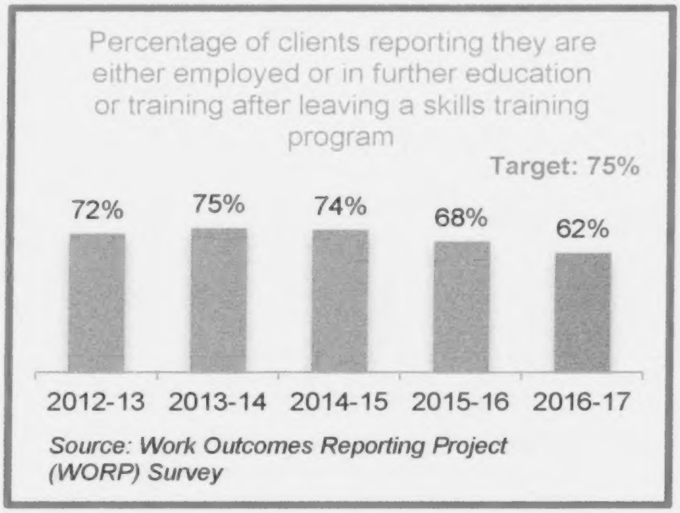
In 2016-17, the ministry completed a comprehensive review of its suite of performance measures with changes being introduced into the 2017-20 business plan. This measure will be discontinued in the 2017-18 Labour Annual Report in favour of using the labour force participation rate as the primary indicator for labour market attachment, as the labour force participation rate considers not only those employed/unemployed but also those seeking work.

Additional Performance Measure

Percentage clients reporting they are either employed or in further education after leaving a skills training program

Target: 75% Result: 62%

Note: This measure was included as measure number 2.c in the 2016-19 Human Services business plan (now Community and Social Services). In 2016, employment and training programs were realigned and responsibility for several of the training programs covered by the measure was transferred to Labour. Results for this measure reflect programs that are delivered by Labour, Advanced Education, and Community and Social Services, and are consistent with the methodology used in prior years by Human Services.



Source: Work Outcomes Reporting Project (WORP) Survey

The percentage of Albertans who report they are either employed or in further education or training after leaving a skills training program assesses the effectiveness of these programs in helping participants meet these goals. Skills training includes a broad spectrum of programs such as Work Foundations and Training for Work. Success is based on the engagement of individuals, business and industry, training providers, communities, and other levels of government. Employment/training programs encourage attachment to the labour market.

In 2016-17, 62 per cent of clients reported they were either employed or in further education or training after leaving a skills training program. This result is six percentage points lower than the 2015-16 result of 68 per cent and 13 per cent below the target set by Human Services. This represents a significant or substantial variance from previous years, though a decline was expected, given economic conditions.

The most significant effect on this measure is the downturn seen in Alberta's economy since 2015. The unemployment rate rose from six per cent in 2015 to 8.1 per cent in 2016. Therefore, the availability of employment opportunities, post-training, was significantly affected.

Percentage clients reporting they are either employed or in further education after leaving a skills training program

2012-13	2013-14	2014-15	2015-16	2016-17
72%	75%	74%	68%	62%

Beginning in the 2017-18 Labour Annual Report, Labour will replace this measure with a similar measure that includes only training for work programs delivered by Labour, and Advanced Education will assess foundational skills programs delivered by Advanced Education, to more accurately assess each ministry's responsibility.

Outcome Six: Alberta is able to attract and retain a skilled, resilient and productive workforce to support a diversified economy

Working Albertans and employers in Alberta have faced significant challenges in recent years due to the economic downturn. However, despite the downturn, some employers continue to have difficulty finding and retaining skilled workers at all skill levels. The ministry provides supports to employers to attract and retain qualified workers, which is crucial to building the strong and diversified workforce required to build the economy. The Alberta government remains committed to ensuring Albertans are actively engaged in the workforce, however, it is important for the ministry to develop and actively monitor labour market information and maintain labour attraction efforts so that the province is well positioned to respond to labour market demands as the economy recovers and more workers are needed.

Key results and highlights during 2016-17 to support this outcome include:

- The development and release of Labour Market forecast tools, including Alberta's Occupational Demand and Supply Outlook and the Alberta Short-Term Employment Forecast to assist Albertans with making sound career decisions and to promote efficiency in the labour market;
- Continued support of new Albertans through programs such as Foreign Qualifications Recognition and International Qualifications Assessment Service; and
- Innovative programming targeted at the needs of new Albertans, delivered through grants for Immigrant Settlement and Language programs.

Key Strategy 6.1 **Address productivity through targeted work with employers to increase skills training, including English as a Second Language programming.**

Language and Settlement Supports

The ministry's Language Assessment Services program assesses English language skills of newcomers and provides information and counselling for language and skills training options to assist newcomers in finding and securing long-term employment in Alberta. An estimated 11,200 new Albertans received language assessment services in 2016-17, in comparison to almost 11,400 in 2015-16. This number is expected to remain at about 11,000 in the next fiscal year.

The Language Training Program Innovation Fund continued to support the community in 2016-17 by funding projects to assist immigrants and their families in integrating into Alberta's labour market. The Language Training Program Innovation Fund supports projects with new approaches to language training to assist adult language learners in developing the language skills they need for the Alberta workforce. New projects in 2016-17 focused on developing innovative language and communication supports to help new Albertans find jobs. These projects were focused on Albertans with lower-level language skills, with most projects exploring online solutions. In 2016-17, approximately $1.8 million in funding was provided to a total of 15 projects, which provided supports and services to more than 300 Albertans.

One of the projects funded this year is the Immigrants to Trades: Language Training Program for Apprentices. The project will be completed in 2017-18 and is a collaboration between three academic institutions to provide language training for immigrant apprentices who are struggling to communicate in English. Additionally, another new project, Integration for Refugee Women, is a partnership that provides language and job skills training for refugee women who face barriers to employment.

English as a Second Language (ESL) Drop-In Centres in Alberta received $586,787 in ministry funding in 2016-17 to support language services for newcomers who, for various reasons, cannot access regular ESL programming. An estimated 1,800 learners accessed these services in 2016-17.

The 2016-17 fiscal year was the final year for the Integrated Services Program agreement with the Government of Canada, which provided funding to 17 non-profit agencies to support the successful settlement and integration of newcomers to Alberta. In 2016-17, approximately 36,000 clients were served through funded agencies compared to 34,000 in 2015-16. A new funding model is being developed for implementation in 2017-18, and consultations with stakeholders will ensure that any new system put in place will effectively support the needs of newcomers.

Integrated Service Program

	2014-15	2015-16	2016-17
Number of Participants	33,000	34,000	36,000

To assist newcomers with transitioning to life in Alberta, Labour also provides pre-arrival information on living and working in Alberta and the pathways to applying and obtaining permanent residence to potential newcomers and foreign workers. This service is delivered through the Immigrate to Alberta Information Service via email, telephone, in-person, and online through www.AlbertaCanada.com/opportunity or by virtual presentations in cooperation with our partners. In 2016-17, the website was visited almost 1.9 million times.

Key Strategy 6.2 Develop labour market information to support informed decision-making by Albertans, government, communities, training providers and employers.

The ministry regularly updates tools to assist industry and employers with understanding the labour market. Labour continued to develop the Advanced Labour Market Analytics system, which provides new insights and evidence by collecting labour market intelligence from businesses throughout the province to assist government and employers in understanding and addressing current and future workforce challenges in Alberta. The completion of the Advanced Labour Market Analytics project was delayed to allocate resources to other ministry priorities in 2016-17. Work on the project will resume in 2017-18 and is expected to be completed by March 31, 2018.

Labour also regularly updates the Sector Intelligence Model and Labour Market Information to support employers and industry in further understanding Alberta's labour market. A revised Sector Intelligence Model for the Heavy Construction Industry is expected to be completed in June 2017. This will provide insight into the demand for a construction workforce, specifically trade workers, for the next five years and provide government and industry stakeholders with the ability to target training programs for occupations that have been identified as being in demand.

Alberta's Short-Term Employment Forecast was updated in 2016 and provides a three-year overview of occupations expected to be in demand and helps bridge the gap between what is happening in the immediate future and in the long-term. It is a complementary tool to Alberta's Occupational Demand and Supply Outlook 2015-2025 which focuses on the next ten years. Alberta's Occupational Demand and Supply Outlook 2015-2025 also helps employers, students, workers and post-secondary institutions plan for future labour market needs and helps inform Alberta's Future Ready efforts to coordinate education and training. The Outlook forecasts 401,000 jobs will be created by 2025, while 352,000 workers will join Alberta's labour force by then.

The Alberta Wage and Salary Survey is conducted every two years. The most recent survey was launched in January 2017 with results expected to be released in late 2017-18. The results of the survey provide valuable wage and salary information to employers, labour organizations and government.

Multiple Labour Market Partnerships were implemented in 2016-17 to develop capacity with industry sectors to meet their labour needs. Through these partnerships, workshops on topics including transferability of oil and gas skills and labour market best practices for the retail sector were held.

Key Strategy 6.3 Develop and implement initiatives to strengthen the recognition of qualifications of workers coming from outside Alberta and ensure strong interprovincial labour mobility provisions for Alberta.

Foreign Qualifications Recognition

Since 2014, Albertans have benefited from an Employment and Social Development Canada and Alberta Foreign Qualification Recognition contribution agreement. Over the course of this agreement, the provincial and federal governments have together invested more than $4 million into Foreign Qualification Recognition projects to efficiently and fairly recognize the credentials of skilled workers trained outside Canada. In 2016-17, $724,021 was invested in new and extended Foreign Qualification Recognition projects. Educating and informing employers is an important facet of the work; the contribution agreement funded workshops on the benefits of recognizing the skills and experience of internationally trained Albertans. These workshops were delivered to approximately 500 participants representing close to 150 employers across the province.

To develop capacity and foster communities of practice, one workshop and one forum were held for Foreign Qualification Recognition stakeholders in 2016-17. The workshop in June 2016 was attended by close to 50 representatives from professional regulatory organizations and focused on developing skills in prior learning assessment to support the recognition of the qualifications of internationally trained Albertans. The Foreign Qualification Recognition forum in September 2016 was attended by approximately 75 participants from immigrant serving organizations. The forum showcased recently developed Foreign Qualification Recognition tools and resources and helped to build the capacity of immigrant serving organizations and other service delivery partners to better understand the qualifications of internationally trained Albertans and improve their employment outcomes.

The ministry also used contribution agreement funding to develop a flexible bridging program for licensed practical nurses at NorQuest College. This bridging program will admit over 50 internationally educated nurses per year and help them to gain recognition of their experience, fill gaps in their education and become licensed to work in their profession in Alberta. Professional regulatory organizations also received support to ensure their assessment processes for internationally educated applicants are more streamlined and to allow them to better recognize education and experience obtained outside of Canada. For example, Prior Learning Assessment and Recognition programs with both the Association of Professional Engineers and Geoscientists of Alberta and the Association of Science and Engineering Technology Professionals of Alberta have been established to allow engineering regulators to more effectively assess and recognize international education and experience and provide opportunities for those who may be missing documentation, for example refugees, to demonstrate their abilities.

International Qualifications Assessment Service

The ministry's International Qualifications Assessment Service provides recognition of international educational credentials to Alberta newcomers. International Qualifications Assessment Service assessments play an important role in supporting the recognition of international education by helping newcomers access Alberta's job market, educational institutions and professional regulatory organizations. In 2016-17, International Qualifications Assessment Service issued a total of 13,160 assessment certificates, representing a 30 per cent increase from the 10,137 certificates issued in 2015-16.

Did You Know?

Alberta is the only province in Canada that has its own assessment agency designated by the federal government to provide international educational credential assessments for immigration purposes.

Domestic Labour Mobility

In 2016-17, the ministry continued to advance the implementation of labour mobility provisions for Alberta's domestic trade agreements (the Agreement on Internal Trade and the New West Partnership Trade Agreement). These agreements ensure that out-of-province certified workers are able to practice their occupation in Alberta without any unnecessary barriers or restrictions.

Last year, Labour distributed a Best Practice Checklist for Certifying Labour Mobility Applicants to all professional regulatory organizations in Alberta. The best practice checklist was agreed upon and developed by all provinces and territories (except Nunavut) and the federal government. This checklist helps professional regulatory organizations understand Alberta's labour mobility obligations under the Agreement on Internal Trade and assists them in streamlining their registration/certification processes to ensure out-of-province applicants are not required to go through unnecessary requirements to be registered in Alberta. The checklist has been received positively by professional regulatory organizations, has improved relationships between the government and professional regulatory organizations and made it easier for out-of-province certified workers to get their credentials recognized as they prepare to integrate into Alberta's workforce.

Key Strategy 6.4

Assist Alberta employers in supplementing their workforce through targeted labour attraction, retention and mobility strategies.

Employer Liaison Service

To assist employers in attracting, hiring and retaining Albertans in 29 high-skill occupations, Labour developed an Employer Liaison Service pilot project in partnership with the Government of Canada. The service provides direct assistance to employers, looking to hire in high-skill occupations, to help connect with available local labour pools instead of requesting federal approval to hire a foreign worker. As part of the project a "Refusal to Process" list of occupations with a sufficient supply of unemployed, skilled Albertans looking for work is posted online. The pilot project was launched in April 2017 and is expected to run for two years.

For more information on the Employer Liaison Service, please see key strategy 5.2 of this annual report.

Alberta's Immigrant Nominee Program

The Alberta Immigrant Nominee Program supports Alberta's economic growth. Through the Alberta Immigrant Nominee Program, foreign workers and graduate international students already living and working in Alberta are nominated by the government, assisting in their application to the federal government to become permanent residents of Canada.

Alberta Immigrant Nominee Program

	2014	2015	2016
Number of Applications Received	10,367	4,223	7,352
Number of Applications Assessed[1]	6,554	8,895	9,516
Number of Certificates Issued	5,514[3]	5,501[4]	5,501[4]
Number of Individuals	11,886	11,366	9,694
Number of Nominees Landed[2]	4,934	4,699	3,255
Number of Individuals Landed[2]	10,803	10,004	7,394

[1] Applications are not always assessed in the same year they are received.

[2] Nominees (and their families) do not always land in Alberta the same year the certificate was issued.

[3] Additional certificates were available due to the re-allocation of certificates from other provinces or territories to Alberta.

[4] Certificates were re-allocated to another applicant under a new certificate number.

The federal government provides the Alberta Immigrant Nominee Program with a yearly allocation of nomination certificates to issue. Since 2013, the yearly allocation has been 5,500 certificates. In the 2016 calendar year, the Alberta Immigrant Nominee Program issued 5,501 nominee certificates resulting in 9,694 individuals (including the applicant, their spouse/common law partner, and dependent children) having the opportunity to become permanent residents. In 2016-17, the number of certificates exceeded 5,500, because one applicant withdrew their application from the Alberta Immigrant Nominee Program after being issued a certificate. To comply with Immigration, Refugees and Citizenship Canada rules, the certificate was re-allocated to another applicant under a new certificate number.

Since 2013, the demand for Alberta Immigrant Nominee Program certificates has been high, with the number of applications exceeding the number of available certificates. During the year, the queue of Alberta Immigrant Nominee Program applications was reduced by almost 3,000 applications to 2,240 applications.

The Alberta Immigrant Nominee Program completed the first phase of a modernization project with the launch of a new database in September 2016. The goal of the modernization is to reduce application assessment times through standardizing and automating internal processes, and improve program integrity through enhanced file issues, trend recognition and reporting. Utilization of the database has resulted in processing efficiencies.

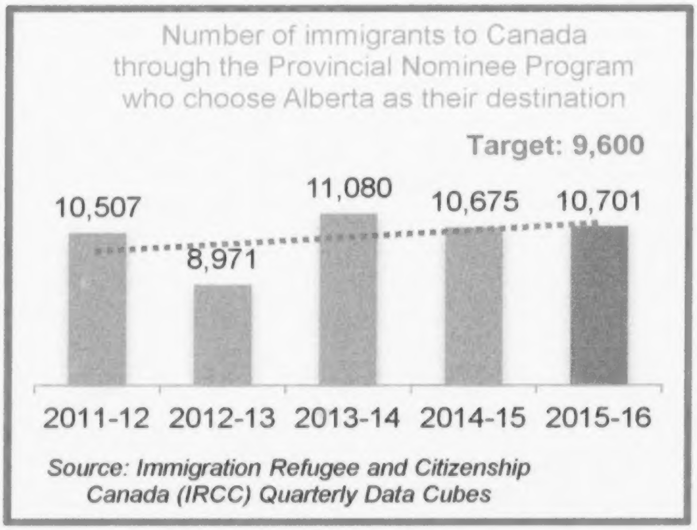
Performance Measure 6.a

Number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination

Target: 9,600 **Result: 10,701 (2015-16)**

Even with high numbers of unemployed workers, Alberta still needs immigration to better address skills gaps and labour shortages. Some Alberta employers have continued to face challenges in finding workers with the required skill levels for high-demand occupations in sectors such as in Healthcare and Information Technology. Immigrants help to address labour shortages in specific sectors and add diversity, innovation and entrepreneurship to the labour force.

This performance measure reflects the number of immigrants to Canada through the Provincial Nominee Program that choose Alberta as their intended destination, helping to shed light on the ministry's ability to directly influence the attraction and retention of a skilled, self-reliant and productive workforce.



Source: Immigration Refugee and Citizenship Canada (IRCC) Quarterly Data Cubes

Between July 2015 and June 2016, the number of immigrants to Canada through the Provincial Nominee Program who chose Alberta as their destination increased marginally from the same period in the previous year, despite the economic climate. This exceeded the ministry's target of 9,600 applicants. The number of immigrants who are granted permanent resident status and who choose Alberta as their final intended destination in a given period will be dependent on a number of factors, some of which are out of the province's control, including annual Provincial Nominee Program allocations, family size of principal applicants and approval processing times for permanent residency. Since 2013, Alberta's Provincial Nominee Program nomination allocation has been 5,500 principal applicants.

To attract immigrants, the provincial government promotes Alberta as a safe and prosperous place to live, work and raise a family. For example, Alberta has been working with both federal and community partners to improve settlement services to immigrants and their families. Ensuring immigrants have the ability to fully participate in Alberta society increases the likelihood that they will choose to remain in the province.

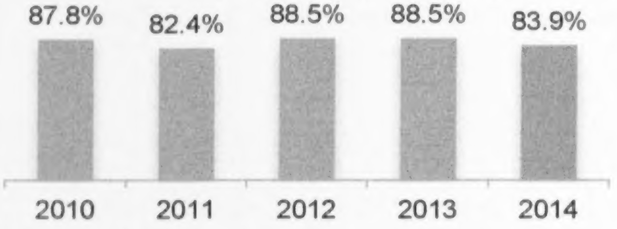
2011-12	2012-13	2013-14	2014-15	2015-16
10,507	8,971	11,080	10,675	10,701

Note: Immigrants include the principal applicant, spouse and dependents, a change from last year's measure of the "number of principal economic applicants that choose Alberta as their destination". Non-economic immigrants, for example, individuals migrating under the family class (e.g. parents and grandparents) and those migrating for humanitarian reasons (e.g. refugees) are not included in this measure.

Performance Indicator 6.a

Percentage of Alberta Immigrant Nominee Program nominees surveyed who report that they are still residing and working in Alberta one year after obtaining permanent residency

Percentage of Alberta Immigrant Nominee Program Nominees who reprot that they are still residing and working in Alberta one year after obtaining permanent residency



Source: Alberta Immigrant Nominee Program One-Year Post-Landing Follow-up Survey

The number of Alberta Immigrant Nominee Program (AINP) nominees who are still residing and working in Alberta one year after obtaining permanent residency is one indicator of Alberta's ability to retain a skilled, resilient and productive workforce. It demonstrates the program's success in retaining work-ready people in Alberta to help meet the province's unique labour market needs.

Each year, the ministry conducts a one-year post-landing survey of AINP nominees. AINP nominees that landed (obtained permanent residency) in 2014 were surveyed in 2016 to allow 1 year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted.

In 2016, 4,411 of the 4,908 nominees who landed in Alberta in 2014 were sent the survey and 3,032 nominees responded to the survey. 83.9 per cent of nominees (2,543) who responded to the survey reported that they were still residing and working in Alberta. The survey response rate was 62 per cent and the results are considered accurate to +/- 1.1 percentage points, 19 times out of 20.

The number of individuals who land in Alberta is not the same as the number of AINP certificates issued as not every nominee completes the immigration process for a variety of reasons including, the applicant decides not to immigrate to Canada, their immigration application is denied by the federal government or they apply to immigrate to Canada through an alternate immigration stream.

The 2014 result of 83.9 per cent is consistent with the results achieved in previous years, albeit slightly lower. Given the economic climate in Alberta in 2016, when the survey was conducted, a lower retention rate was anticipated. Nominees who have remained working in Alberta at least one year after landing are more likely to be economically and socially established in Alberta, be integrated into their communities, and become long-term contributors to the economy. The results from the post-landing survey are used to inform programming decisions for the AINP to ensure it contributes to the development of a skilled, resilient and productive labour force that supports a diversified economy for Alberta. For example, the data is used to update AINP nomination streams and to confirm that the individuals nominated address Alberta's labour force requirements.

	2010	2011	2012	2013	2014
Total Number of Nominees Landed	2,923	3,483	3,531	3,314	4,908

Performance Measure Methodology

Performance Measure 1.a Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage

This measure provides an indication of the effectiveness of mediation in assisting parties to reach a collective bargaining agreement without a work stoppage taking place.

The Compliance Management Information System tracks all data related to collective bargaining agreements filed with the ministry and mediation appointments. For this performance measure, a report is created that identifies the number of collective bargaining agreements where a mediator is appointed and the outcome of the mediation (e.g. collective bargaining agreement achieved, strike or lockout).

Using the report, the number of collective bargaining agreements with the assistance of a ministry-appointed mediator achieved without a work stoppage is calculated as a percentage of all collective bargaining agreements negotiated with the assistance of a ministry-appointed mediator.

$$\frac{\text{Number of mediations settled without a work stoppage}}{\text{Total number of mediations settled}} \text{ X100 = Percentage Rate}$$

Performance Indicator 1.a Percentage of collective bargaining agreements negotiated without a strike or lockout

The rate provides an indication of the stability of the labour relations system and environment in Alberta and the capacity of unions and employers to reach mutually acceptable agreements without having to resort to job action.

The Compliance Management Information System tracks all data related to collective bargaining agreements filed with the ministry. For this performance indicator measure, a report is created that identifies the number of collective bargaining agreements achieved and whether a work stoppage occurred.

Using the report, the number of collective bargaining agreements achieved without a work stoppage is calculated as a percentage of all collective bargaining agreements achieved.

As there may be some delay between when a collective bargaining agreement is achieved and when it is reported to the ministry, historical results are recalculated each year.

$$\frac{\text{Number of collective bargaining agreements settled without a work stoppage}}{\text{Total number of collective bargaining agreements achieved}} \text{ X100 = Percentage Rate}$$

Performance Measure 2.a

Average number of days from the acceptance of an application to the date of the first ALRB hearing

This performance measure reflects the Alberta Labour Relation Board's commitment to schedule matters in a timely fashion. The Board books hearings and resolution conferences with parties at the beginning of the file.

The Alberta Labour Relations Board Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the number of days it takes a matter from the application date to the first Board hearing.

Telephone and Resolution Conferences are excluded from this calculation as they deal with procedural or dispute resolution prior to a formal hearing. Sine Die (a written request, normally made by both parties, to hold an application in abeyance or adjourn) and party delay adjournments (a request by an affected party to adjourn an application) are also excluded from the calculation of the overall days.

Using the report, the average number of days from the acceptance of an application to the date of the first formal hearing is calculated. In the event that an application is received in one fiscal year and the first hearing date is in a subsequent fiscal year, the case is included in the year in which the first formal hearing is conducted.

Performance Measure 2.b

Percentage of decisions rendered by the ALRB within 90 calendar days from the completion of the hearing(s)

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion. It was developed to ensure timeliness of decisions recognizing justice delayed is a justice denied.

The Alberta Labour Relations Board Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the duration of the time from the commitment date (usually the date of the last completed hearing related to the matter(s) applicable to the decision) to the date that the decision was rendered (written decision was issued). Sometimes the commitment date may differ from the hearing date if further submissions are accepted by the presiding Chair or Vice Chair at a later time.

Using the report, the percentage of decisions completed within 90 days or less is calculated. Hearings are generally included in the calculation for the year in which the decision was rendered (the written decision is issued). However, in the event that a decision is reserved (hearing is completed) in one fiscal year but rendered (the written decision is issued) in a subsequent fiscal year, the case will be included in either the fiscal year in which the 90-day threshold occurs, or the fiscal year in which the decision is rendered, whichever date occurs first.

$$\frac{\text{Decisions rendered within 90 days or less}}{\text{Total number of decisions rendered}} \text{ X100 = Percentage Rate}$$

Performance Measure 2.c

Percentage of applications, with ALRB involvement, settled before reaching a formal hearing

The Alberta Labour Relations Board encourages parties to settle their disputes through informal settlement options prior to a formal hearing. The Alberta Labour Relations Board uses this performance measure to measure its progress towards that goal.

The Alberta Labour Relations Board Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created that identifies those decisions that have met the reporting period requirements and the resolution type.

Matters that are required to go through a formal hearing process, such as Certification and Revocation matters, are not included in this measure. Other matters that are not eligible for an informal resolution process include Appeals, Conducted Votes and Supervised S/L Votes, which are also excluded from this measure.

Using the report, the percentage of decisions, with Alberta Labour Relations Board involvement, that are settled outside the formal adjudication process is calculated. Hearings are generally included in the calculation for the year in which the decision was rendered (the written decision is issued).

$$\frac{\text{Number of applications settled outside a formal adjudication process}}{\text{Total number of applications eligible to be settled outside a formal adjudication process}} \text{X100} = \text{Percentage Rate}$$

Performance Measure 3.a

Lost-time claim rate: Number of lost-time claims per 100 person-years worked

The lost-time claim rate represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The measure indicates the number of lost-time claims per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year or 2,000 hours worked.

The Workers' Compensation Board – Alberta records a lost-time claim when a worker, his/her physician or his/her employer submits an injury report form. The Workers' Compensation Board – Alberta collects this information, calculates the estimated person-years worked and provides the data files to Labour for analysis. The lost-time claim rate is reported by calendar year and is calculated by dividing the number of lost-time claims by the number of estimated person-years worked.

Each year, new data is sent to Labour that includes the most recent injury data for the last five years. The previous four years of results are re-calculated with the updated data provided by the Workers' Compensation Board – Alberta. Re-calculating historical results provides the reader the most accurate and up-to-date injury information. There is no change in how the result is calculated.

Performance Measure 3.b

Disabling injury rate: Number of disabling injuries per 100 person-years worked

The disabling injury rate represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The disabling injury rate is similar to the lost-time claim rate, although it covers a broader range of injuries, including those that are less severe in nature (do not require time away from work). The measure indicates the number of disabling injuries per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year, or 2,000 hours worked.

The Workers' Compensation Board – Alberta records a disabling injury claim when a worker, his/her physician, or his/her employer submits an injury report form. The Workers' Compensation Board – Alberta collects this information, calculates estimated person-years worked, and provides the data files to Labour for analysis. The disabling injury rate is reported by calendar year and is calculated by dividing the number of disabling injuries by the number of estimated person-years worked.

Each year, new data is sent to Labour that includes the most recent injury data for the last five years. The previous four years of results were re-calculated with the updated data provided by the Workers' Compensation Board – Alberta. Re-calculating historical results provides the reader the most accurate and up-to-date injury information. There is no change in how the result is calculated.

Performance Measure 3.c

Percentage of employment standards complaints completed within 180 days of date complaint received

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation. When workers file a complaint with the ministry alleging this has not occurred, they expect a timely resolution. This measure assesses the processing time for employment standards complaints that is within the ministry's control (i.e. it excludes the time it takes to process appeals and collections).

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from Compliance Management Information System that identifies those complaints that were concluded within the reporting period and the duration of time between the date the complaint was received and the date the complaint is concluded.

Beginning in 2017-18, for the purpose of this performance measure, a complaint is considered concluded if an investigating officer has collected money or if the officer has exhausted all available options. This means that complaints transferred to Post Investigations (appeals and/or collections) are considered concluded and the completion of an employment standards complaint does not necessarily mean that a person has been paid. All historical results have been recalculated to reflect the change in methodology.

$$\frac{\text{Number of complaints concluded within 180 days}}{\text{Total number of complaints concluded}} \times 100 = \text{Percentage Rate}$$

Performance Measure 3.d

Percentage of employment standards complaints with voluntary resolution

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation, working to promote the voluntary resolution of employment standards complaints. The ministry actively promotes the voluntary resolution of employment standards complaints through mediation, settlement or compromise. Each complaint is unique and not all situations lend themselves to voluntary resolution.

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from the Compliance Management Information system that identifies those complaints that were concluded within the reporting period and the resolution type. A complaint is marked concluded when the investigation is concluded or there is no further work to do on the file.

The voluntary resolution of an employment standards complaint can include full payment of earnings, an amount the employee believes is satisfactory or advising the employee there are no earnings due, which results in concluding the complaint.

Beginning in 2016-17, the types of complaints that are eligible for voluntary resolution was refined to exclude instances where a voluntary resolution is not possible (i.e. the employer is bankrupt, the business has failed, the employer is in receivership or the claim is abandoned). All historical results have been recalculated to reflect the change in methodology.

$$\frac{\text{Number of complaints resolved voluntarily}}{\text{Total number of complaints concluded}} \text{ X100 = Percentage Rate}$$

Performance Measure 3.e

Percentage of employed Albertans who perceive Alberta workplaces are safe

Each year, the ministry surveys Albertans to gauge its progress in ensuring that Alberta's workplaces are safe, fair and healthy. The survey is conducted by an independent third party survey provider, Environics Research Group. A random and representative sample of Albertans was established based on Statistics Canada census data made available in 2011. For each of the six geographic regions in the province, the number of interviews in each age-gender segment was proportionate to the 2011 population estimates. Respondents within each household reached by landline (85 per cent of the sample) were screened for using the "most recent birthday" method. A cell phone sample was also included (15 per cent of the sample). The resulting sample size produces results that are considered accurate to within +/- 4.2 percentage points, 19 times out of 20.

The result for this performance measure was calculated by obtaining responses to the following question: "Do you feel that Alberta's workplaces are…?" Respondents were considered perceive Alberta's workplaces were safe if they responded 'very safe' or 'somewhat safe'. Alternate responses were 'not very/at all safe' and 'not sure'.

Performance Measure 4.a

Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman

This performance measure reflects the Appeals Commission's commitment to excellence in the decision-making process.

The Appeals Commission Electronic System contains all claim file data for the Appeals Commission for Alberta Workers' Compensation. For this performance measure, a variety of reports are generated from the Appeals Commission Electronic System to identify the closed files that have met the reporting period requirements.

Using the reports, the percentage of decisions issued that are either not challenged or are not overturned upon review by the Courts, the Ombudsman or by the Appeals Commission on reconsideration is calculated. An appellant may submit more than one appeal. An appeal is considered closed when the decision has been issued to the parties regarding the issue(s) being appealed. An appellant may choose to submit an application for judicial review or for reconsideration as outlined by the Appeals Commission's Appeal Rules 2017, which may be found on the Appeals Commission website. The application for judicial review or for reconsideration will be included in the measure in the year in which the decision is rendered and the file is closed.

$$\frac{\text{Number of decisions not challenged or not overturned upon review by the Courts, the Ombudsman or the Appeals Commission's reconsideration process}}{\text{Total number of decisions closed}} \text{ X100 = Percentage Rate}$$

Performance Measure 5.a and Indicator 5.a

Interprovincial rank of Alberta's labour force participation rate and labour force participation rates

Statistics Canada's Labour Force Survey (LFS) is the primary source of statistics on employment and unemployment in Canada and the provinces. The Labour Force Survey is conducted by Statistics Canada across the country. The survey sample size for Canada for the reporting period was 56,027. Alberta's sample size corresponds to its share of the national population. An average of 5,690 Alberta households were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) for the estimated 2,464,000 Albertans in the labour force is 1.0 per cent.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed). With this performance measure, the rate for Alberta is compared to the nine other Canadian provinces.

The performance indicator looks at the labour force participation rate for all Albertans, Aboriginal Albertans living off-reserve, Alberta's immigrant population and Alberta youth (aged 15-24). Results for each indicator are calculated as a 12-month average for the calendar year.

For more information on the methodology of the Labour Force Survey, please see Guide to the Labour Force Survey, Statistics Canada:
http://www5.statcan.gc.ca/olc-cel/olc.action?objId=71-543-G&objType=2&lang=en&limit=0

All Albertans

The participation rate for all Albertans represents the percentage of the working age population that is either employed or actively seeking employment (unemployed).

Aboriginal Albertans living off-reserve

The Labour Force Survey includes a question that asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit. The First Nations, Métis and Inuit labour force (off-reserve) represents the number of people in the working age population that are either employed or actively seeking employment (unemployed).

Alberta's immigrant population

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities. Canadian citizens by birth and non-permanent residents (persons from another country who live in Canada and have a work or study permit, or are claiming refugee status, as well as family members living here with them) are not landed immigrants. The landed immigrant labour force represents the number of people in the working age population that are either employed or actively seeking employment (unemployed).

Alberta youth (aged 15-24)

Alberta youth (aged 15-24) represents the number of people in that age cohort that are either employed or actively seeking employment (unemployed).

Performance Indicator 5.b

Unemployment rate of:

- All Albertans
- Aboriginal Albertans living off-reserve
- Alberta's immigrant population
- Alberta youth (aged 15-24)

Statistics Canada's Labour Force Survey (LFS) is the primary source of statistics on employment and unemployment in Canada and the provinces. The Labour Force Survey is conducted by Statistics Canada across the country. The survey sample size for Canada for the reporting period was 56,027. Alberta's sample size corresponds to its share of the national population. An average of 5,690 Alberta households were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) is approximately 2.5 per cent for the 200,800 unemployed Albertans.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

The unemployment rate represents the percentage of the labour force that is actively seeking employment (unemployed).

The performance indicator looks at the unemployment rate for all Albertans, Aboriginal Albertans living off-reserve, Alberta's immigrant population and Alberta youth (aged 15-24). Results for each indicator are calculated as a 12-month average for the calendar year.

For more information on the methodology of the Labour Force Survey, please see *Guide to the Labour Force Survey*, Statistics Canada:
http://www5.statcan.gc.ca/olc-cel/olc.action?objId=71-543-G&objType=2&lang=en&limit=0

All Albertans

The unemployment rate for all Albertans represents the percentage of the working age population that is actively seeking employment (unemployed).

Aboriginal Albertans living off-reserve

The Labour Force Survey includes a question that asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit. The First Nations, Métis and Inuit unemployment rate (off-reserve) represents the number of people in the working age population that is actively seeking employment (unemployed).

Alberta's immigrant population

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities. Canadian citizens by birth and non-permanent residents (persons from another country who live in Canada and have a work or study permit, or are claiming refugee status, as well as family members living here with them) are not landed immigrants. The landed immigrant unemployment rate represents the number of people in the working age population that is actively seeking employment (unemployed).

Alberta youth (aged 15-24)

Alberta youth (aged 15-24) represents the number of people in that age cohort that is actively seeking employment (unemployed).

Additional Performance Measure

Percentage clients reporting they are either employed or in further education after leaving a skills training program

This measure indicates success levels for participants in skills programs in finding employment or going on to further education or training for skills programs delivered by the ministries of Labour, Advanced Education and Human Services. The skills programs included are Work Foundations and Training for Work. Results for the Work Foundations and Training for Work programs are obtained through the Work Outcomes Reporting Project Survey. A third party contracted survey provider (Leger, The Research Intelligence Group for 2016-17) was retained to contact former program participants three months after they leave Work Foundations and the Training for Work programs. The annual report results are based on contacting former Skills Training participants who left the program between September 1, 2015 and August 31, 2016. The percentage of WF and TFW participants employed post-intervention is determined using the following questions, "*What is your current main activity? Are you Employed, Self- Employed, In School/Training, Unemployed, Retired?*" The responses that indicate that the participant is employed or in school (i.e. further education) or training are used to calculate the measure result (as shown in the calculation formula below). The sample size for the 2016-17 result is 1,958. The results are considered accurate to +/- 2.21 percentage points 19 times out of 20.

$$\frac{\Sigma\text{ (employed + in further education + training)}}{\Sigma\text{ (all respondents)}} \text{ X100 = Percentage Rate}$$

For participants who left the program prior to May 2016, a random sampling of clients was used unless the population size (i.e. number of individuals utilizing/leaving the program in a given year) was small. In those situations, a census approach was utilized as it is more accurate. For participants who left the program after and including May 2016, a census approach to surveying clients is used.

All participants selected to be surveyed are initially contacted by telephone. For those who cannot be contacted by phone after 10 attempts, the option to call back the survey company via a toll-free line is offered. Those who cannot participate in the telephone survey are given the option to complete an online version of the survey. The same performance measure question is used in the phone and the online questionnaires. Both phone and survey responses are captured in the result calculation.

Performance Measure 6.a

Number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination

Data for this measure is based on the Provincial Nominee Program stream of Immigration, Refugees and Citizenship Canada (IRCC)'s publicly released immigration data. Data for this measure is based on Census Year (i.e. July to June).

Immigrants include the principal applicant, spouse and dependents. Non-economic immigrants, for example, individuals migrating under the family class (e.g. parents and grandparents) and those migrating for humanitarian reasons (e.g. refugees) are not included in this measure.

For more information on determining eligibility for each immigration category, please visit Immigration, Refugees and Citizenship Canada at www.cic.gc.ca/english/immigrate/index.asp.

Performance Indicator 6.a

Percentage of Alberta Immigrant Nominee Program nominees surveyed who report that they are still residing and working in Alberta one year after obtaining permanent residency

Each year, the ministry surveys Alberta Immigrant Nominee Program nominees to determine if they are still living and working in Alberta, one year after obtaining permanent residency. To allow for one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted, Alberta Immigrant Nominee Program nominees that landed in 2013 were surveyed in 2015.

The survey is conducted by the ministry through an online survey. Alberta Immigrant Nominee Program nominees are contacted by email to complete the online survey.

A nominee is considered to be working and residing in Alberta if they responded that they currently reside in Alberta and that they are currently employed (including working and performing their job duties, on paid maternity leave, on a paid leave of absence or on vacation).

The retention rate is calculated as:

$$\frac{\text{Number of nominees who responded they are still residing and working in Alberta}}{\text{Total number of nominees who responded to the survey}} \text{ X } 100$$

In 2016, 4,411 of the 4,908 nominees who landed in Alberta in 2014 were sent the survey and 3,032 nominees responded to the survey. The survey response rate was 62 per cent and the results are considered accurate to +/- 1.1 percentage points, 19 times out of 20.

Financial Information

Independent Auditor's Report

Financial Statements

Financial Statements: Workers' Compensation Board

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AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Labour, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Labour as at March 31, 2017, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 6, 2017

Edmonton, Alberta

MINISTRY OF LABOUR
STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	**Actual**	**Actual** Restated (Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Canada Alberta Job Fund	$ 34,573	$ 36,004	$ 26,662
Labour Market Development Agreement	22,846	32,837	22,846
Other Transfers	413	413	1,075
Premiums, Fees and Licences	2,185	2,480	1,413
Other Revenue	61,772	57,909	56,018
	121,789	129,643	108,014
Expenses – Directly Incurred (Notes 2(a) and Schedules 3, 4, 7 and 8)			
Program			
Ministry Support Services	9,971	15,201	14,028
Workforce Strategies	121,908	104,746	102,909
Safe, Fair and Healthy Workplaces	64,258	61,616	59,199
Labour Relations Board	3,622	3,772	3,327
Appeals Commission for Alberta Workers' Compensation	13,816	11,756	12,399
	213,575	197,091	191,862
Annual Deficit	$ (91,786)	$ (67,448)	$ (83,848)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016 Restated (Note 3)
	(in thousands)	
Financial Assets		
Cash	$ 60	$ 15
Accounts Receivable (Note 4)	3,824	15,162
	3,884	15,177
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	35,362	37,924
Deferred Revenue (Note 6)	6,771	6,983
	42,133	44,907
Net Debt	(38,249)	(29,730)
Non-Financial Assets		
Tangible Capital Assets (Note 7)	7,505	5,132
Prepaid Expenses	3	1
	7,508	5,133
Net Liabilities	(30,741)	(24,597)
Net Liabilities at Beginning of Year	$ (24,597)	$ (15,931)
Adjustment to Net Liabilities (Note 12)	1,600	-
Annual Deficit	(67,448)	(83,848)
Net Financing Provided from General Revenues	59,704	75,182
Net Liabilities at End of Year	$ (30,741)	$ (24,597)

Contingent Liabilities and Contractual Obligations (Notes 8 and 9)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF CHANGE IN NET DEBT
Year ended March 31, 2017

	2017		2016
	Budget	**Actual**	**Actual** Restated (Note 3)
		(in thousands)	
Annual Deficit	$ (91,786)	$ (67,448)	$ (83,848)
Acquisition of Tangible Capital Assets	(900)	(1,819)	(2,619)
Amortization of Tangible Capital Assets (Note 7)	1,224	1,046	1,592
Write-downs of Tangible Capital Assets		-	10
Change in Prepaid Expenses		(2)	20
Net Financing Provided from General Revenue		59,704	75,182
(Increase) in (Net Debt)		$ (8,519)	$ (9,663)
(Net Debt) at Beginning of Year		(29,730)	(20,067)
(Net Debt) at End of Year		$ (38,249)	$ (29,730)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016 Restated (Note 3)
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (67,448)	$ (83,848)
Non-cash Items Included in Net Operating Results		
Amortization of Tangible Capital Assets (Note 7)	1,046	1,592
Write-downs of Tangible Capital Assets	-	10
	(66,402)	(82,246)
(Increase) Decrease in Accounts Receivable	11,338	(11,112)
(Increase) Decrease in Prepaid Expenses	(2)	20
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(2,562)	18,996
Increase (Decrease) in Deferred Revenue (Note 6)	(212)	1,793
Cash (Applied to) Operating Transactions	(57,840)	(72,549)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(1,819)	(2,619)
Financing Transactions		
Net Financing Provided from General Revenues	59,704	75,182
Increase in Cash	45	14
Cash at Beginning of Year	15	1
Cash at End of Year	$ 60	$ 15

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF LABOUR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 1 AUTHORITY

The Ministry of Labour operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The ministry protects workers' rights by ensuring fair and modern legislation and regulating Alberta's workplaces. The ministry also works to ensure that Alberta has a skilled workforce and an efficient labour market to support a thriving and diverse economy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers

Transfers from the Government of Alberta (GOA), federal and other governments are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by related other entities in support of the ministry's operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, Loans and Advances and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Cash and Cash Equivalents

Cash includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the ministry.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Financial Assets (Cont'd)

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the ministry are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recognized at their fair value at the time of contribution.

Amortization is only charged if tangible capital asset is put into service.

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recognized as grants in kind.

Assets acquired by right are not included.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and reports transactions between public sector entities that comprise a government's reporting entity from a both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard proves guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

- **PS 3450 Financial Instruments (effective April 1, 2019)**
  Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 PROGRAM TRANSFER

(in thousands)

Effective April 1, 2016, a number of employment and training programs have been transferred between Ministry of Labour and Ministry of Community and Social Services.

Effective April 1, 2016, Health Workforce Action Plan (HWAP) program funds were re-allocated from Ministry of Labour to Ministry of Community and Social Services, Ministry of Advanced Education and Ministry of Health.

NOTE 3 PROGRAM TRANSFER (Cont'd)

(in thousands)

Comparatives for 2016 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net Liabilities on April 1, 2015 are made up as follows:

Net Liabilities as previously reported	$ (13,222)
Transfer from Human Services	(2,953)
Transfer to Human Services	202
Transfer to Advanced Education	-
Transfer to Health	42
Net Liabilities at April 1, 2015	$ (15,931)

Net Debt on April 1, 2015 is made up as follows:

Net debt as previously reported	$ (17,791)
Transfer from Human Services	(2,953)
Transfer to Human Services	635
Transfer to Advanced Education	-
Transfer to Health	42
Net Debt at April 1, 2015	$ (20,067)

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2017			2016
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 3,493	$ -	$ 3,493	$ 15,121
Refunds from Suppliers	331	-	331	41
	$ 3,824	$ -	$ 3,824	$ 15,162

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2017	2016 (Restated)
Accounts Payable	$ 898	$ 5,366
Unearned Revenue	6,771	6,983
Other Accrued Liabilities	34,464	32,558
	$ 42,133	$ 44,907

NOTE 6 DEFERRED REVENUE

(in thousands)

	2017	2016
Balance at Beginning of Year	$ 6,983	$ 5,190
Cash Contributions Received/Receivable during Year	2,705	4,604
Less Amounts Recognized as Revenue	(2,917)	(2,811)
Balance at End of Year	$ 6,771	$ 6,983

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment [1]	Computer Hardware and Software	2017 Total	2016 Total
Estimated Useful Life	3-40 years	3-10 years		
Historical Cost[2]				
Beginning of Year	$ 1,434	$ 11,676	$ 13,110	$ 11,155
Additions	35	1,784	1,819	2,766
Transfer In (Out)	(460)	2,053	1,593	
Disposals, Including Write-Downs	-	-	-	(811)
	1,009	15,513	16,522	13,110
Accumulated Amortization				
Beginning of Year	129	7,849	7,978	7,040
Amortization Expense	106	940	1,046	1,592
Transfer In (Out)	(7)	-	(7)	147
Effect of Disposals	-	-	-	(801)
	228	8,789	9,017	7,978
Net Book Value at March 31, 2017	$ 781	$ 6,724	$ 7,505	
Net Book Value at March 31, 2016	$ 1,305	$ 3,827		$ 5,132

(1) Equipment includes office equipment and furniture, and other equipment.

(2) Historical cost includes computer hardware and software work-in-progress at March 31, 2017 totalling $5,111 (2016: $1,689).

NOTE 8 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in eight (2016: 15) claims of which the outcome is not determinable. Of these claims, five (2016: 13) have specified amounts totalling $36,725 (2016: $45,737).The remaining three (2016: two) claims have no amount specified. Included in the total claims, five claims totalling $36,500 (2016: 11 claims totalling $42,511) are covered in whole by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 9 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2017	2016
Obligations under Operating Leases, Contracts and Programs	$ 42,916	$ 30,918

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations under Operating Leases, Contracts and Programs

	Total
2017-18	$ 29,174
2018-19	10,712
2019-20	2,017
2020-21	1,013
2021-22	-
Thereafter	-
	$ 42,916

NOTE 10 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $ 12,009 for the year ended March 31, 2017 (2016 – $10,772). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2016, the Management Employees Pension Plan reported a surplus of $402,033 (2015 – deficiency $299,051), the Public Service Pension Plan reported a surplus of $302,975 (2015 – deficiency $133,188) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $50,020 (2015 – deficiency $16,305).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2017, the Bargaining Unit Plan reported a surplus of $101,515 (2016 – surplus $83,006) and the Management, Opted Out and Excluded Plan a surplus of $31,439 (2016 – surplus $29,246). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 11 TRUST FUND UNDER ADMINISTRATION

(in thousands)

The ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes described below, it is not included in the ministry's financial statements.

At March 31, 2017, the trust fund under administration was as follows:

	2017	2016
Employment Standards Trust Fund	$ 921	$ 863

NOTE 12 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2017	2016
Non-Grant Transfer of Tangible Capital Asset to other Government Department	$ (453)	$ -
Non-Grant Transfer of Tangible Capital Asset from other Government Department	2,053	-
	$ 1,600	$ -

NOTE 13 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The Deputy Minister and the Senior Financial Officer approve these financial statements.

Schedule 1

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2017

(in thousands)

	2017		2016
	Budget	**Actual**	**Actual** Restated (Note 3)
Government Transfers			
Canada Alberta Job Fund	$ 34,573	$ 36,004	$ 26,662
Labour Market Development Agreement	22,846	32,837	22,846
Other Transfers	413	413	1,075
	57,832	69,254	50,583
Premiums, Fees and Licences	2,185	2,480	1,413
Other Revenue			
Occupational Health and Safety	47,907	45,273	41,614
Appeals Commission for Alberta Workers' Compensation	13,521	11,501	12,244
Workers' Compensation Medical Panels	344	326	330
Other	-	809	1,830
	61,772	57,909	56,018
Total Revenues	$ 121,789	$ 129,643	$ 108,014

Schedule 2

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2017

	2017				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Total Revenue Received/ Receivable	(Shortfall)/ Excess
			(in thousands)		
Occupational Health and Safety	$ 45,707	$ 43,184	$ 2,250	$ 45,434	$ (273)
Internationally Educated Professionals	413	413	-	413	-
International Educational Assessment Services	525	806	-	806	281
International Educational Assessment Services Expansion	1,600	1,347	-	1,347	(253)
	48,245	45,750	2,250	48,000	(245)
Occupational Health and Safety Capital	900	445	455	900	-
	$ 49,145	$ 46,195	$ 2,705	$ 48,900	$ (245) (1)

(1) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4 to the financial statements.

Occupational Health and Safety recovery, under the agreement with the Workers' Compensation Board (WCB), is for the purpose of defraying part of the costs of administering the Occupational Health and Safety Act.

Internationally Educated Professionals is for the purpose of developing options for removing barriers to licensure and employment and facilitating labour market entry and professional growth for internationally educated professionals.

International Educational Assessment Services recovery is for the purpose of providing international educational assessment services for immigrants seeking employment and/or education in Alberta.

Schedule 3

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual Restated (Note 3)
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 97,938	$ 99,975	$ 93,371
Supplies and Services	50,944	38,136	49,197
Supplies and Services from Support Service Arrangements with Related Parties[1]	-	391	1,830
Grants	63,399	57,479	45,821
Amortization of Tangible Capital Assets	1,224	1,046	1,592
Other	70	64	50
	$ 213,575	$ 197,091	$ 191,861

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[1] The Ministry receives Information Management and Technology Services, Emergency Management, and Facility and Administrative services from Ministry of Advanced Education.

Schedule 4

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

	Voted Estimate(1)	Supplementary Estimate(2)	Adjust-ments(3)	Adjusted Voted Estimate	Voted Actuals(4)	Unexpended (Over Expended)
			(in thousands)			
Program – Operating Expense						
Ministry Support Services						
1.1 Minister's Office	$ 622	$ -	$ -	$ 622	$ 534	$ 88
1.2 Deputy Minister's Office	604	-	-	604	645	(41)
1.3 Human Resources	960	-	500	1,460	1,512	(52)
1.4 Corporate Services	6,765	-	2,500	9,265	11,609	(2,344)
1.5 Communications	1,020	-	-	1,020	876	144
	9,971	-	3,000	12,971	15,176	(2,205)
Workforce Strategies						
2.1 Program Support	3,305	-	-	3,305	3,021	284
2.2 Settlement and Integration	8,748	-	200	8,948	9,044	(96)
2.3 Workforce Development Partnerships	3,282	-	100	3,382	5,187	(1,805)
2.4 Policy and Labour Market Information	5,961	-	480	6,441	9,413	(2,972)
2.5 Labour Attraction and Retention	10,526	-	(20)	10,506	8,193	2,313
2.6 Labour Qualifications and Mobility	7,409	-	(402)	7,007	7,518	(511)
2.7 Labour Market Programs	34,715	(2,020)	(8,967)	23,728	19,650	4,078
2.8 Summer Temporary Employment Program	10,000	-	-	10,000	8,989	1,011
2.9 Skills and Training Support	37,773	(1,825)	3,720	39,668	33,751	5,917
	121,719	(3,845)	(4,889)	112,985	104,766	8,219

MINISTRY LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

	Voted Estimate[1]	Supplementary Estimate[2]	Adjustments[3]	Adjusted Voted Estimate	Voted Actuals[4]	Unexpended (Over Expended)
			(in thousands)			
Safe, Fair and Healthy Workplaces						
3.1 Medical Panels for Alberta Workers' Compensation	$ 344	$ -	$ -	$ 344	$ 326	$ 18
3.2 Labour Relations	1,918	-	-	1,918	1,593	325
3.3 Occupational Health and Safety	47,007	-	-	47,007	44,828	2,179
3.4 Employment Standards	14,249	-	-	14,249	14,053	196
	63,518	-	-	63,518	60,800	2,718
4. **Labour Relations Board**	3,622	-	-	3,622	3,749	(127)
5. **Appeals Commission for Alberta Workers' Compensation**	13,521	-	-	13,521	11,501	2,020
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	(245)
Total	$ 212,351	$ (3,845)	$ (1,889)	$ 206,617	$ 195,992	$ 10,380
Lapse/(Encumbrance)						$ 10,380

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

	Voted Estimate[1]	Supplementary Estimate[2]	Adjust-ments[3]	Adjusted Voted Estimate	Voted Actuals[4]	Unexpended (Over Expended)
			(in thousands)			
Program – Capital Investment						
1 Ministry Support Services	$ -	$ -	$ -	$ -	$ -	$ -
2 Workforce Strategies	-	-	1,472	1,472	1,369	103
3 Safe, Fair and Healthy Workplaces	900	-	-	900	450	450
5 Appeals Commission for Alberta Workers' Compensation						
Total	$ 900	$ -	$ 1,472	$ 2,372	$ 1,819	$ 553
Lapse/(Encumbrance)						$ 553

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(1) As per "Expense Vote by Program" and "Capital Investment Vote by Program" page 186 and 187 of 2016-17 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 30, 2017 of Royal Assent of the Appropriations Acts.

(3) Adjustments include encumbrances and credit or recovery increases approved by Treasury Board. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Schedule 5

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2017

	2016-17 Lottery Fund Estimates	2016-17 Actual	Unexpended (Over Expended)
		(in thousands)	
Workforce Strategies			
2.2 Settlement and Integration	$ 4,574	$ 4,574	$ -
2.9 Skills and Training Support	400	400	-
	4,974	$ 4,974	$ -

This table shows details of the initiatives within the ministry that are funded by the Lottery Fund and compares it to the actual results.

Schedule 6 (a)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE - DEPARTMENT
Year ended March 31, 2017

	2017				2016
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister[4] [5]	$ 327,536	$ -	$ 6,574	$ 334,110	$ 331,082
Executives					
Assistant Deputy Minister, Safe, Fair and Healthy Workplace	194,360	-	49,098	243,458	257,330
Assistant Deputy Minister, Workforce Strategies	201,176	-	50,698	251,874	252,638
Assistant Deputy Minister, Strategy and Policy	175,932	-	43,850	219,782	112,680[6]
Assistant Deputy Minister, Corporate Services and Information	177,867	11,092	46,047	235,006	106,697[7]
Assistant Deputy Minister, WCB Review Secretariat	191,193	-	48,650	239,843	122,544[8]
Executive Director, Human Resources	134,279	-	33,462	167,741	97,290[9]

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2017.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Base salary includes pay in lieu of benefits.

(6) The 2016 total was for period from September 30, 2015 to March 31, 2016.

(7) The 2016 total was for period from October 14, 2015 to March 31, 2016.

(8) The 2016 total was for period from October 1, 2015 to March 31, 2016.

(9) The 2016 total was for period from September 4, 2015 to March 31, 2016.

Schedule 6 (b)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – LABOUR RELATIONS BOARD
Year ended March 31, 2017

	2017				2016
	Base Salary(1)	Other Cash Benefits(2)	Other Non-cash Benefits(3)	Total	Total
Senior Officials					
Chair(4) (5) (6) (7)	$ 263,697	$ 381,380	$ 7,232	$ 652,309	$ 285,735
Executives					
Vice Chair(5) (8)	81,759		4,763	86,522	99,283
Vice Chair	169,807		43,108	212,915	214,784
Vice Chair	169,807		41,743	211,550	213,231
Vice Chair(5) (9)	163,591		8,052	171,643	-
Executive Director	158,935		40,772	199,707	201,625

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2017.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Base salary includes pay in lieu of benefits.

(6) Position was occupied by two individuals during the year: April 1, 2016 to October 31, 2016; November 1, 2016 to March 31, 2017.

(7) Included in Other Cash Benefits is $355,872 in severance benefits paid as a result of a termination agreement.

(8) The 2017 total was for period from June 1, 2016 to October 31, 2016. The 2016 total was for period from April 1, 2015 to September 28, 2015.

(9) Position created on June 1, 2016.

Schedule 6 (c)

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – APPEALS COMMISSION FOR ALBERTA WORKERS' COMPENSATION
Year ended March 31, 2017

	2017				2016
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Senior Officials					
Chief Appeals Commissioner[4]	$ 230,398	-	$ 33,018	$ 263,416	$ 255,507
Executives					
Vice Chair	163,220	-	41,764	204,984	220,929
Vice Chair[5]	110,550	30,368	11,185	152,102	200,024
Executive Director	117,810	-	32,018	149,828	137,116

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2017.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied by two individuals during the year: April 1 to August 31, 2016; January 1 to March 31, 2017.

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The ministry had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2017	2016 (Restated)
Expenses – Directly Incurred		
Grants	$ 3,991	$ 2,103
Other services	4,876	3,537
	$ 8,867	$ 5,640
Tangible Capital Assets Transferred In (Out)	$ 1,600	$ (211)
Payable to	$ (88)	$ (228)
Contractual Obligations	$ 458	$ 1,457

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017
(in thousands)

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements. Revenues are disclosed as follows and expenses are included in Schedule 8.

	Other Entities	
	2017	**2016**
Expenses – Incurred by Others		
Accommodation	$ 5,538	$ 5,739
Legal Services	1,270	1,342
Business Services	1,293	1,275
	$ 8,101	$ 8,356

Schedule 8

MINISTRY OF LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2017
(in thousands)

	2017					2016
		Expenses – Incurred by others				(Restated)
Program	**Expenses[1]**	**Accommodation Costs[2]**	**Legal Services[3]**	**Business Services[4]**	**Total Expenses**	**Total Expenses**
Ministry Support Services	$ 15,201	$ 710	$ 411	$ 151	$ 16,473	$ 15,254
Workforce Strategies	104,746	1,958	98	380	107,182	105,810
Safe, Fair and Healthy Workplaces	61,616	2,708	758	644	65,726	63,151
Labour Relations Board	3,772	162	-	35	3,969	3,518
Appeals Commission for Alberta Workers' Compensation	11,756	-	3	83	11,842	12,484
	$ 197,091	$ 5,538	$ 1,270	$ 1,293	$ 205,192	$ 200,217

(1) Expenses – Directly Incurred as per Statement of Operations.
(2) Accommodation costs are allocated by the number of employees per program.
(3) Legal Services costs are allocated by estimated costs incurred by each program.
(4) Business Services, including charges for IT support, vehicles, finance services, and learning centre, are allocated by the number of employees per program.

WCB-Alberta

Consolidated Financial Statements and Notes

For the year ended December 31, 2016

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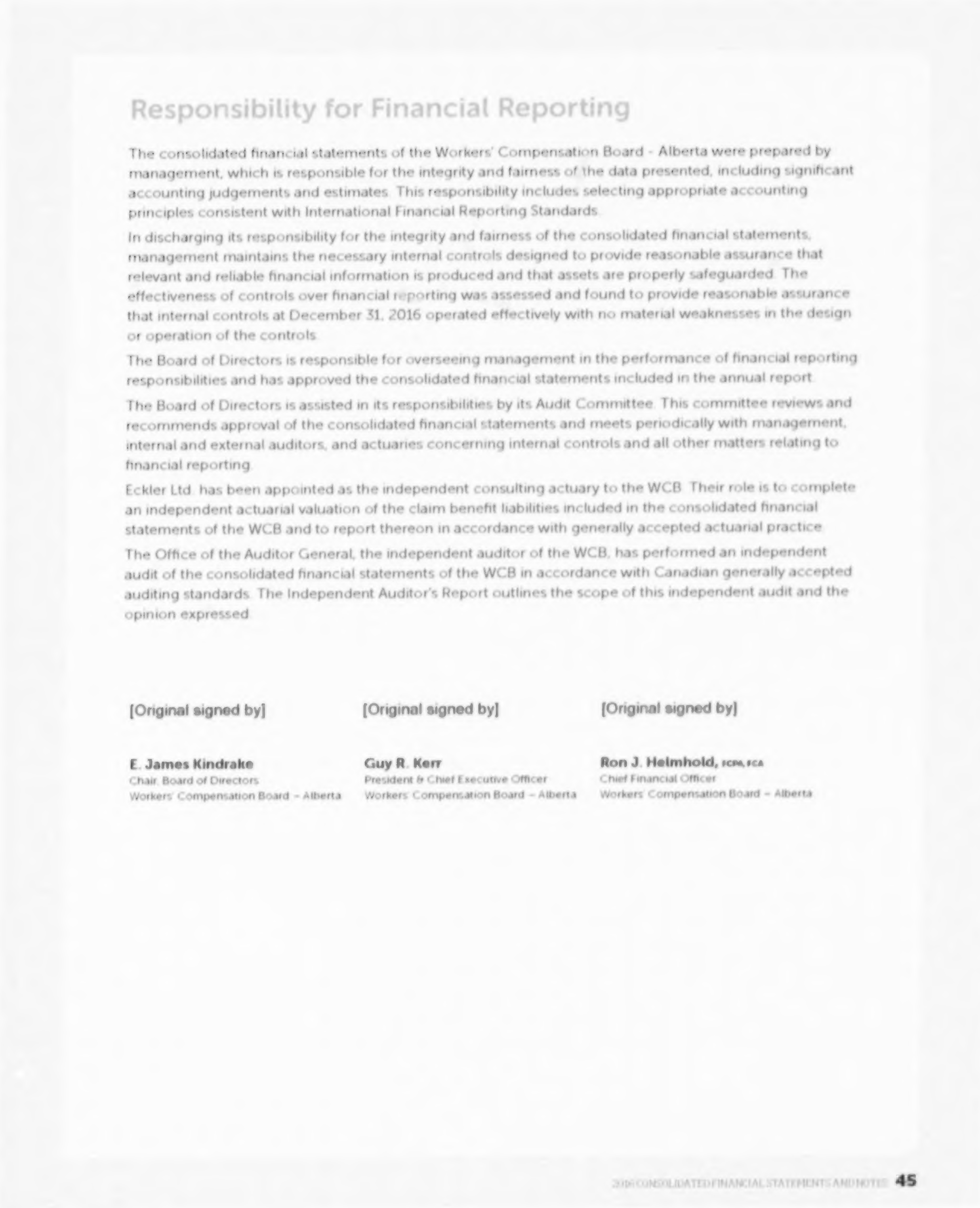


Responsibility for Financial Reporting

The consolidated financial statements of the Workers' Compensation Board - Alberta were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2016 operated effectively with no material weaknesses in the design or operation of the controls.

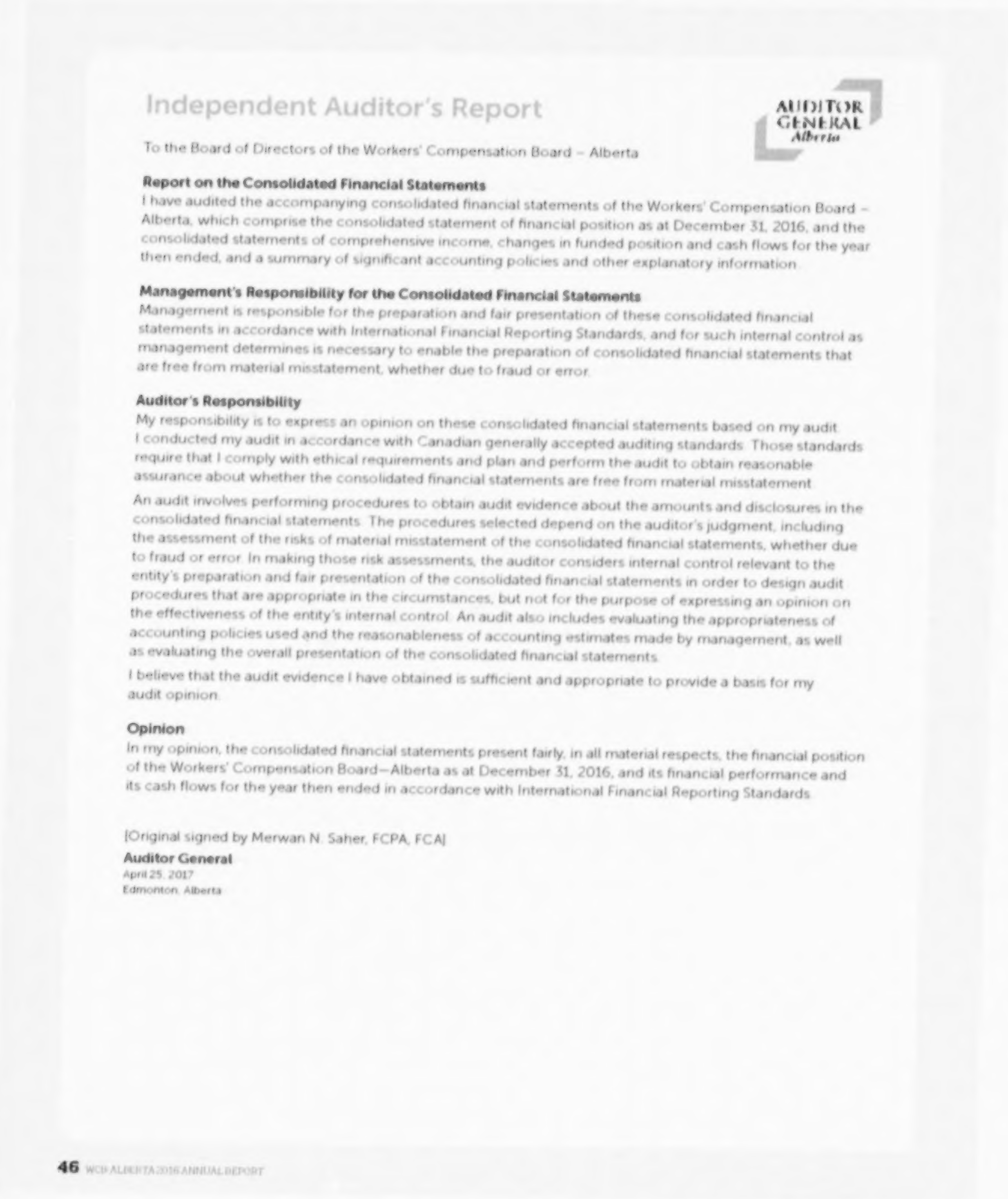
The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the consolidated financial statements included in the annual report.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the consolidated financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the claim benefit liabilities included in the consolidated financial statements of the WCB and to report thereon in accordance with generally accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of this independent audit and the opinion expressed.

[Original signed by]	[Original signed by]	[Original signed by]
E. James Kindrake Chair, Board of Directors Workers' Compensation Board – Alberta	**Guy R. Kerr** President & Chief Executive Officer Workers' Compensation Board – Alberta	**Ron J. Helmhold, FCPA, FCA** Chief Financial Officer Workers' Compensation Board – Alberta



Independent Auditor's Report

AUDITOR
GENERAL
Alberta

To the Board of Directors of the Workers' Compensation Board – Alberta

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Workers' Compensation Board – Alberta, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of comprehensive income, changes in funded position and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

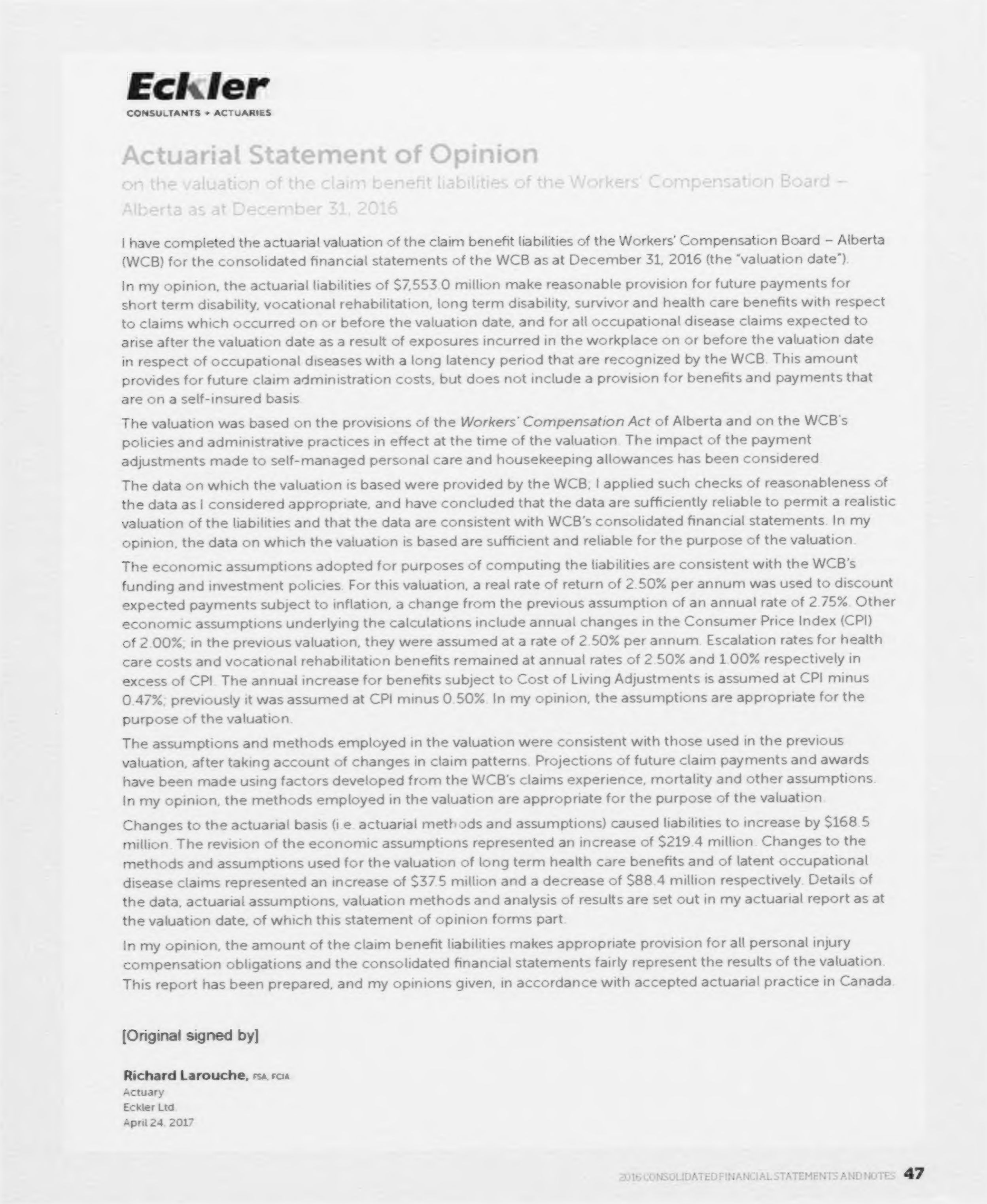
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board—Alberta as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCPA, FCA]

Auditor General

April 25, 2017

Edmonton, Alberta



Eckler
CONSULTANTS + ACTUARIES

Actuarial Statement of Opinion

on the valuation of the claim benefit liabilities of the Workers' Compensation Board – Alberta as at December 31, 2016

I have completed the actuarial valuation of the claim benefit liabilities of the Workers' Compensation Board – Alberta (WCB) for the consolidated financial statements of the WCB as at December 31, 2016 (the "valuation date").

In my opinion, the actuarial liabilities of $7,553.0 million make reasonable provision for future payments for short term disability, vocational rehabilitation, long term disability, survivor and health care benefits with respect to claims which occurred on or before the valuation date, and for all occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WCB. This amount provides for future claim administration costs, but does not include a provision for benefits and payments that are on a self-insured basis.

The valuation was based on the provisions of the *Workers' Compensation Act* of Alberta and on the WCB's policies and administrative practices in effect at the time of the valuation. The impact of the payment adjustments made to self-managed personal care and housekeeping allowances has been considered.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and that the data are consistent with WCB's consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The economic assumptions adopted for purposes of computing the liabilities are consistent with the WCB's funding and investment policies. For this valuation, a real rate of return of 2.50% per annum was used to discount expected payments subject to inflation, a change from the previous assumption of an annual rate of 2.75%. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (CPI) of 2.00%; in the previous valuation, they were assumed at a rate of 2.50% per annum. Escalation rates for health care costs and vocational rehabilitation benefits remained at annual rates of 2.50% and 1.00% respectively in excess of CPI. The annual increase for benefits subject to Cost of Living Adjustments is assumed at CPI minus 0.47%; previously it was assumed at CPI minus 0.50%. In my opinion, the assumptions are appropriate for the purpose of the valuation.

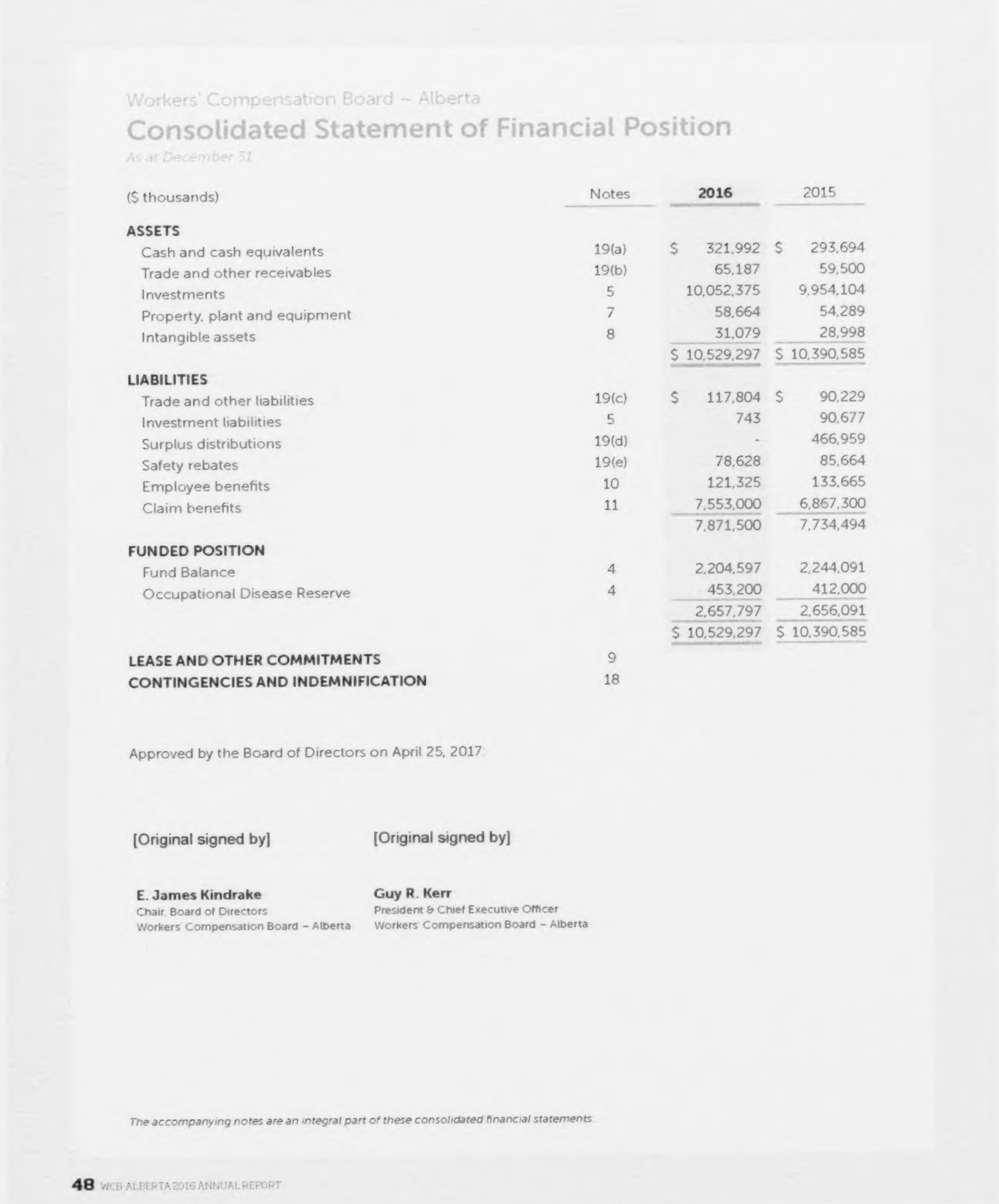
The assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WCB's claims experience, mortality and other assumptions. In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

Changes to the actuarial basis (i.e. actuarial methods and assumptions) caused liabilities to increase by $168.5 million. The revision of the economic assumptions represented an increase of $219.4 million. Changes to the methods and assumptions used for the valuation of long term health care benefits and of latent occupational disease claims represented an increase of $37.5 million and a decrease of $88.4 million respectively. Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the claim benefit liabilities makes appropriate provision for all personal injury compensation obligations and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

[Original signed by]

Richard Larouche, FSA, FCIA
Actuary
Eckler Ltd.
April 24, 2017



Workers' Compensation Board – Alberta

Consolidated Statement of Financial Position

As at December 31

($ thousands)	Notes	**2016**	2015
ASSETS			
Cash and cash equivalents	19(a)	$ 321,992	$ 293,694
Trade and other receivables	19(b)	65,187	59,500
Investments	5	10,052,375	9,954,104
Property, plant and equipment	7	58,664	54,289
Intangible assets	8	31,079	28,998
		$ 10,529,297	$ 10,390,585
LIABILITIES			
Trade and other liabilities	19(c)	$ 117,804	$ 90,229
Investment liabilities	5	743	90,677
Surplus distributions	19(d)	-	466,959
Safety rebates	19(e)	78,628	85,664
Employee benefits	10	121,325	133,665
Claim benefits	11	7,553,000	6,867,300
		7,871,500	7,734,494
FUNDED POSITION			
Fund Balance	4	2,204,597	2,244,091
Occupational Disease Reserve	4	453,200	412,000
		2,657,797	2,656,091
		$ 10,529,297	$ 10,390,585
LEASE AND OTHER COMMITMENTS	9		
CONTINGENCIES AND INDEMNIFICATION	18		

Approved by the Board of Directors on April 25, 2017:

[Original signed by]	**[Original signed by]**
E. James Kindrake Chair, Board of Directors Workers' Compensation Board – Alberta	**Guy R. Kerr** President & Chief Executive Officer Workers' Compensation Board – Alberta

The accompanying notes are an integral part of these consolidated financial statements.

Workers' Compensation Board – Alberta

Consolidated Statement of Comprehensive Income

Year ended December 31

($ thousands)	Notes	2016 Budget	2016 Actual	2015 Actual
REVENUE				
Premium revenue	13	$ 1,124,406	$ 994,527	$ 1,024,635
Investment income	16(a)	409,951	750,760	675,045
		1,534,357	1,745,287	1,699,680
EXPENSES				
Claims expense	14	835,106	781,607	773,948
Claims management	14,15	119,552	118,064	113,689
Interest expense on claim benefit liabilities	11	349,700	348,900	336,300
Remeasurement of claim benefit liabilities	11	-	321,583	(129,248)
Corporate administration	15	95,461	91,303	90,122
Injury reduction	19(f)	69,287	67,737	64,292
Investment management expense	16(b)	40,733	36,959	39,252
Interest on employee benefit liabilities	10	5,884	5,136	5,870
		1,515,723	1,771,289	1,294,225
OPERATING SURPLUS (DEFICIT)		18,634	(26,002)	405,455
Funding policy surplus distributions	4,19(d)	(181,000)	9,400	(463,392)
NET FUNDING DEFICIT		(162,366)	(16,602)	(57,937)
OTHER COMPREHENSIVE INCOME				
Remeasurement of employee benefit liabilities	10	-	18,308	23,337
TOTAL COMPREHENSIVE INCOME		$ (162,366)	$ 1,706	$ (34,600)

The accompanying notes are an integral part of these consolidated financial statements.

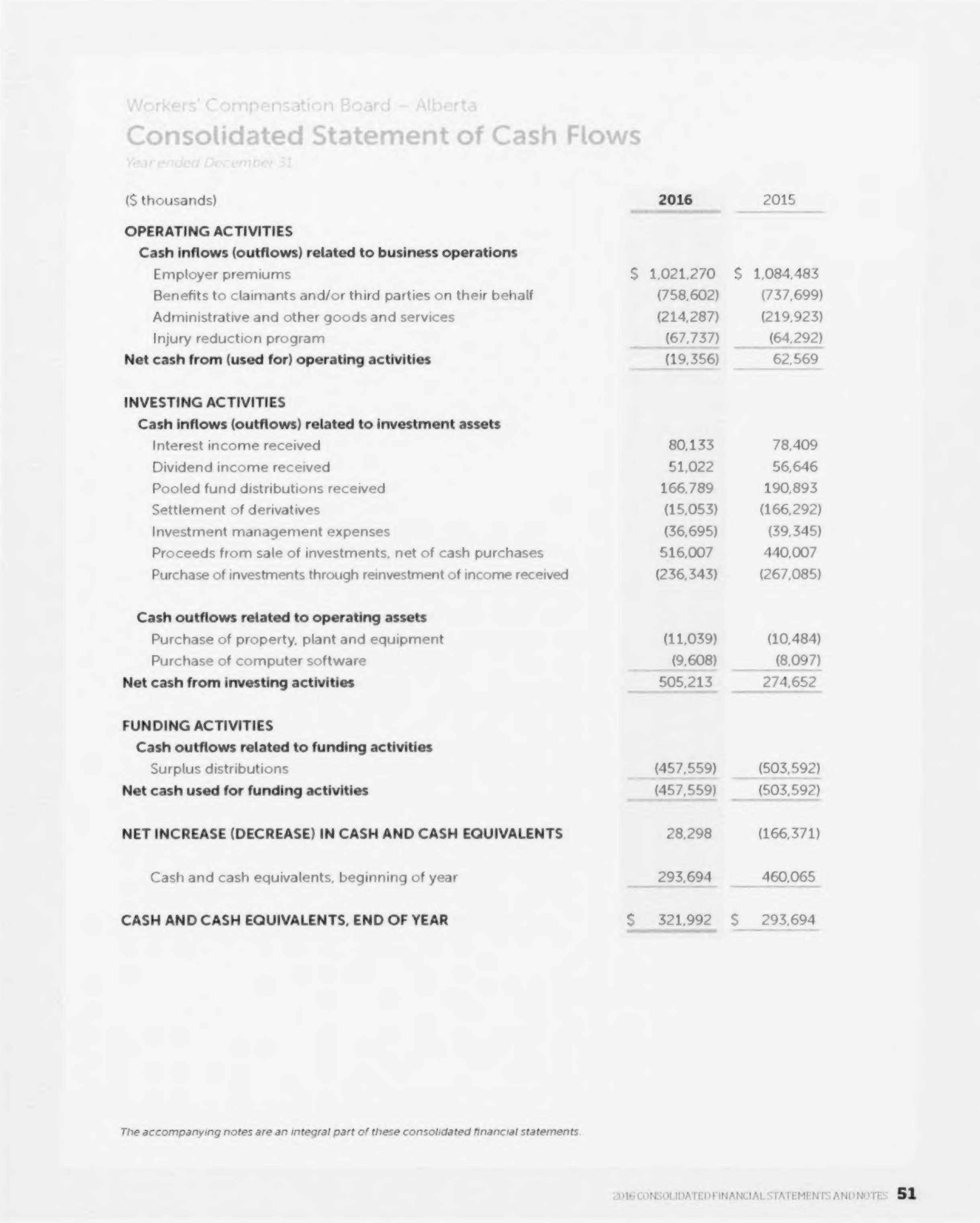
Workers' Compensation Board – Alberta

Consolidated Statement of Changes in Funded Position

Year ended December 31

($ thousands)	Notes	**2016**	2015
FUND BALANCE			
Accumulated surplus			
Balance, beginning of year		$ 2,290,698	$ 2,362,835
Net funding deficit		(16,602)	(57,937)
Transfer to Occupational Disease Reserve		(41,200)	(14,200)
		2,232,896	2,290,698
Accumulated other comprehensive income			
Balance, beginning of year		(46,607)	(69,944)
Other comprehensive gain		18,308	23,337
		(28,299)	(46,607)
Fund Balance, end of year		2,204,597	2,244,091
OCCUPATIONAL DISEASE RESERVE	4		
Balance, beginning of year		412,000	397,800
Transfer from Fund Balance		41,200	14,200
Occupational Disease Reserve, end of year		453,200	412,000
		$ 2,657,797	$ 2,656,091

The accompanying notes are an integral part of these consolidated financial statements.



Workers' Compensation Board – Alberta

Consolidated Statement of Cash Flows

Year ended December 31

($ thousands)	**2016**	2015
OPERATING ACTIVITIES		
Cash inflows (outflows) related to business operations		
Employer premiums	$ 1,021,270	$ 1,084,483
Benefits to claimants and/or third parties on their behalf	(758,602)	(737,699)
Administrative and other goods and services	(214,287)	(219,923)
Injury reduction program	(67,737)	(64,292)
Net cash from (used for) operating activities	(19,356)	62,569
INVESTING ACTIVITIES		
Cash inflows (outflows) related to investment assets		
Interest income received	80,133	78,409
Dividend income received	51,022	56,646
Pooled fund distributions received	166,789	190,893
Settlement of derivatives	(15,053)	(166,292)
Investment management expenses	(36,695)	(39,345)
Proceeds from sale of investments, net of cash purchases	516,007	440,007
Purchase of investments through reinvestment of income received	(236,343)	(267,085)
Cash outflows related to operating assets		
Purchase of property, plant and equipment	(11,039)	(10,484)
Purchase of computer software	(9,608)	(8,097)
Net cash from investing activities	505,213	274,652
FUNDING ACTIVITIES		
Cash outflows related to funding activities		
Surplus distributions	(457,559)	(503,592)
Net cash used for funding activities	(457,559)	(503,592)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,298	(166,371)
Cash and cash equivalents, beginning of year	293,694	460,065
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 321,992	$ 293,694

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016 with comparatives for the year ended December 31, 2015 (thousands of dollars unless stated otherwise)

1. REPORTING ENTITY

The Workers' Compensation Board - Alberta (WCB) is a provincial board created by legislation in 1918. As a statutory corporation, WCB administers the workers' compensation system for the province of Alberta under the authority of the *Workers' Compensation Act* (the Act). WCB's corporate head office is located in Edmonton, Alberta, with operations exclusively within the province of Alberta. WCB's legislated mandate is to provide disability benefits to workers who sustain injuries in the course of employment.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of the consolidated financial statements for all years presented, unless otherwise indicated.

GENERAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They comply, in all material respects, with IFRS as issued by the International Accounting Standards Board (IASB) as set out in Part I of the *Chartered Professional Accountants of Canada Handbook* as at and applicable on December 31, 2016.

These consolidated financial statements have been prepared on an historic cost basis except for investments reported at fair value. The principal accounting policies applied in the preparation of the consolidated financial statements on an IFRS basis are set out below.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of WCB and its wholly owned subsidiaries, both of which are Alberta registered corporations:

- **WCB Real Assets Ltd.** – holds portfolio investments in infrastructure and timberlands.
- **WCB Global Real Assets Ltd.** – holds portfolio investments in commercial real estate.

All intercompany transactions and balances have been eliminated on consolidation.

Financial statement presentation

WCB presents its consolidated statement of financial position in order of liquidity.

A financial asset and financial liability may be offset only when an entity currently has a legally enforceable and unconditional right of set-off and intends either to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. Because WCB receivables with credit balances and derivative contracts in a payable position do not satisfy the critical condition of a legally enforceable right of set-off, they are reclassified and presented as trade and other liabilities and investment liabilities respectively.

The consolidated statement of comprehensive income reports operating results arising from WCB's primary activities: core business operations including risk underwriting, premium assessment and collection, benefit processing, injury treatment and vocational rehabilitation, and financial management including investment portfolio management and claim benefit liability valuation. Administration expense is presented in the consolidated statement of comprehensive income by function. Other comprehensive income consists of net changes in remeasurement of post-employment defined benefit plan liabilities, which is an item that will not be subsequently reclassified to income or expenses.

In addition to performance reporting, the consolidated statement of comprehensive income also reports funding actions arising from the application of the Funding Policy as established by the Board of Directors. Such actions include appropriations of excess surplus for distribution back to employers, or collection of special levies required to replenish funding deficits.

Critical judgements and accounting estimates

Management incorporates critical judgements and accounting estimates in developing and applying accounting policies for recognition and measurement. Such judgements and estimates, which reflect best information at a point in time, affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results in subsequent periods could differ from the judgements and estimates used by management in these consolidated financial statements. These differences, which may be material, could require adjustment in those subsequent periods.

Some accounting measurements require management's best estimates for those transactions for which sufficient information may not be available to record a precise amount. Employee benefit liabilities (Note 10), Claim benefit liabilities (Note 11), Premium revenue and the Partnerships in Injury Reduction rebates accrual (Note 13) are the most significant items that are based on accounting estimates.

The areas where judgements affect the consolidated financial statements are described below.

Control over an investee

In preparing consolidated financial statements, WCB must apply judgement to determine whether it has control or significant influence with respect to the activities of its investees. Control arises from WCB holding voting or contractual rights to direct the activities of the investees affecting returns, and the ability to exercise its voting and/or contractual rights to affect those returns materially. Substantive voting power with respect to relevant activities confers control and results in consolidation of an investee.

For structured entities, such as limited partnerships and similar entities where control stems from contractual or other rights rather than voting power, significant use of judgement is required to evaluate the determinants of control. From its analysis, WCB has concluded that it does not control or have significant influence over its structured entities. As passive portfolio investments, such interests would apply financial instruments accounting.

For further details, see the section *Interests in unconsolidated structured entities* at the end of Note 5.

Fair value measurement

Certain externally managed investments are measured at fair value using valuation models based on discounted future cash flows, rather than directly from observable market prices. Judgement is required to design and build the valuation model(s) using appropriate quantitative methodologies and to select and/or customize the key input assumptions from observable inputs. This includes such factors as the expected yield (i.e., discount rate), revenue and expense growth rates, effect of future inflation, terminal value of assets, income taxes, and estimates of the timing and amount of the relevant cash flows.

For further details, see the section *Valuation of financial instruments* in Note 5.

Foreign currency translation

WCB's consolidated financial statements are presented in Canadian dollars, which is also the functional currency. All financial information presented is rounded to the nearest thousand, unless otherwise stated. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the consolidated statement of financial position. Exchange differences arising from settlement of monetary items are included in income in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect when those transactions occurred.

Cash equivalents

Cash equivalents include short-term, liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and short-term investments held by custodians are not available for general use, and are accordingly included in investments.

Finance expense

Finance expense comprises primarily recognition of interest (i.e., time value of money) inherent in discounted liabilities. Significant discounted liabilities include claim benefit liabilities, employee benefit plans and lease obligations.

SPECIFIC ACCOUNTING POLICIES

To facilitate a better understanding of WCB's consolidated financial statements, specific accounting policies are disclosed in the related notes:

Note	Topic	Page
5	Investments	56
7	Property, plant and equipment	63
8	Intangible assets	64
9	Lease and other commitments	65
10	Employee benefits	66
11	Claim benefit liabilities	69
13	Premium revenue	74
16	Investment income and expense	76

3. ACCOUNTING POLICY CHANGES

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED AS OF YEAR END BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 in its entirety, replacing previous versions and IAS 39. IFRS 9 (2014) retains but simplifies the classification and measurement model for financial assets and financial liabilities: amortized cost, fair value through OCI (FVOCI), and fair value through income (FVTI). A new expected credit loss (ECL) model supersedes the incurred loss impairment model used in IAS 39. IFRS 9 (2014) also relaxes the requirements for hedge accounting, and replaces restrictive hedge effectiveness testing with a qualitative assessment only. IFRS 9 (2014) is effective in its entirety for annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required. WCB currently applies IFRS 9 (2010) *Financial Instruments: Classification and Measurement*.

After completing its assessment of IFRS 9 (2014), WCB has concluded that its business model for portfolio investment does not qualify for the revised amortized cost and FVOCI classifications, with FVTI remaining the appropriate designation. Amortized cost is applicable to non-investment financial assets, principally trade receivables, for which WCB will apply the simplified impairment approach, resulting in recognition of a loss allowance for lifetime ECL at origination of the receivable. Under the revised rules for hedge accounting, which remains a policy choice under IFRS 9 (2014), hedging of WCB's currency risk continues to be ineligible for hedge accounting as it is considered a 'macro' hedge, which has been scoped out of the new standard.

Based on this assessment, IFRS 9 (2014) is not expected to have a material impact on results of operations or financial position. WCB has not yet decided on an adoption date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, issued May 2014, introduces new principles that an entity must apply to measure and recognize revenue. The core principle is that revenue reflects the expected consideration that the entity is entitled to receive in exchange for transferring goods or services to a customer.

For WCB, the scope of IFRS 15 could include contracts for claims and disability management services for self-insured injury compensation plans, and industry services related to safety education, occupational and vocational rehabilitation and sale of materials. These contracts are not material, and if applied, IFRS 15 will entail only presentation and disclosure changes. WCB has not yet concluded on the applicability of IFRS 15 to these service contracts.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases

IFRS 16, issued in January 2016, will require lessees to apply a single 'on-balance sheet' model, similar to finance leases, for all leases except short-term leases of 12 months or less and leases of low-value assets. In addition to the single accounting model, a key principle of IFRS 16 is whether the lessee acquires control over the use of an underlying asset. Where such control exists, the requirements of the standard would apply. Absent such control, the arrangement is not a lease (i.e., the right to use the asset), but a contract for services only (i.e., delivered using an asset controlled by the vendor). If an in-scope leasing relationship has been established, at the lease commencement date a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognize interest expense on the lease liability and depreciation expense on the right-of-use asset separately.

WCB has not yet determined the impact of applying IFRS 16 on its financial results. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted.

4. FUNDING

Accident Fund

The Act stipulates the creation of an Accident Fund (the Fund) holding sufficient funds for the payment of present and future compensation. The Act requires WCB to maintain a minimum 100 per cent funded ratio at all times. This Funded Ratio represents the current funding status of the Fund.

The Funded Position is maintained through two reserves within the Accident Fund: the Fund Balance and the Occupational Disease Reserve (ODR). The Fund Balance represents accumulated net operating surpluses retained against financial uncertainty. The ODR was established through an appropriation from the Fund Balance to provide for costs arising from latent occupational injury or disease where a causal link to the workplace has not been established, but may be established in the future. The ODR is maintained at six per cent of claim benefit liabilities in each year through a transfer from or to the Fund Balance.

FUNDING POLICY AND CAPITAL MANAGEMENT

Since the Act does not provide for an ownership-based capital structure, WCB views its available capital resources as synonymous with its Funded Position. The primary objective in managing the Funded Position is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment and claim benefit liability risk. WCB manages the financial status of the Accident Fund by monitoring the Funded Position and making funding decisions in accordance with the Funding Policy.

The Funding Policy sets a target zone of 114–128 per cent for the Funded Ratio (total assets divided by total liabilities) to guide funding decisions. When the Funded Ratio falls below the target zone, special funding requirements are included in premium rates. When the Funded Ratio is above the target zone, surplus distributions may be paid. There were no changes to the described Funding Policy or capital management practices during the year.

($ thousands)	**2016**	2015
Accident Fund		
Total assets	$ 10,529,297	$ 10,390,585
Less:		
Total liabilities	7,871,500	7,734,494
Funded Position	$ 2,657,797	$ 2,656,091
Funded Ratio	133.8%	134.3%

5. INVESTMENTS

ACCOUNTING POLICY

WCB elected early adoption of IFRS 9 (2010) *Financial Instruments: Classification and Measurement* as at the date of transition to IFRS in 2011.

WCB's portfolio investments are classified at fair value through income and are managed in accordance with portfolio management objectives and the Investment Policy. WCB utilizes trade-date accounting (date when transactions are entered into rather than when they are settled) for purchases and sales of financial instruments.

Upon initial recognition, debt and equity securities, which include unit interests in pooled investments, are recognized at their fair value plus costs relating to trade settlement, if applicable. Changes in the carrying value of all portfolio investments arising from subsequent remeasurement are recognized in investment income in the period in which they occur, including the immediate expensing of transaction costs.

Derivatives are recognized at inception, and subsequently remeasured as at the reporting date, at their fair value. Gains and losses resulting from remeasurement are recognized in investment income in the respective periods in which they arise. Derivatives are not used for trading, but to manage economic and asset risk exposures. WCB does not apply hedge accounting with respect to such use of derivatives.

Cash, net receivables and payables held within the investment portfolio are carried at amortized cost.

Valuation of financial instruments

The fair value of financial instruments as at the reporting date is determined as follows:

Debt and equity securities

- Publicly traded equity securities are based on their closing prices. Debt securities traded over-the-counter are based on the average of the latest bid/ask prices provided by independent third party securities valuation companies.
- Non-publicly traded pooled funds are valued at the net asset value of the funds, which reflect the fair values of fund assets less fund liabilities.
    - The fair value of the underlying loans in the commercial mortgage fund is based on the market interest rate spread over Bank of Canada bonds with a similar term to maturity.
- Structured entities such as limited partnerships and similar private equity funds are also valued at the net asset value of the funds.
    - The fair value of the underlying real assets in real estate, infrastructure, and timberlands funds are based on independent annual appraisals in accordance with generally accepted valuation standards, net of any financing liabilities against specific fund assets.

Further discussion of the valuation of structured entities is provided in the Level 3 fair value hierarchy disclosure in the following section.

Derivative contracts

- Foreign-exchange forward contracts are valued based on the change in the foreign-exchange forward rate of the underlying currency pairing specified in the forward contract.
- Equity index futures are valued based on their closing prices on the exchange in which they trade. These prices reflect changes in the equity market index specified in the futures contract.
- Currency futures are valued based on quoted prices on the exchange in which they trade. These prices reflect changes in the foreign-exchange forward rate of the underlying currency pairing specified in the futures contract.
- Bond futures are valued based on settlement prices on the exchange in which they trade. These prices reflect changes in the bid/ask prices of the underlying bonds in dealer markets.

INVESTMENT PORTFOLIO HOLDINGS

WCB's portfolio investments are all classified at fair value through income. The table in this section presents the fair value of WCB's investments as at December 31, together with their classifications under the fair value measurement hierarchy. Note 16 *Investment Income and Expense* provides a breakdown of investment income by type.

Fair value classification hierarchy

The fair value of WCB's investments recorded on the consolidated statement of financial position was determined using one of the following valuation techniques:

Level 1 The fair value is based on quoted prices in active markets for identical assets or liabilities. This level includes equity securities and derivative contracts that are traded in an active exchange market.

Level 2 The fair value is based on inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs based on observable market data. It includes pooled funds invested in traded securities, as well as derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 The fair value is based on unobservable inputs that are significant to the fair value of the assets or liabilities and have little or no market activity. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. The most significant inputs affecting the fair value calculations include the projected operating and capital-related cash flows and the associated discount rate. The discount rate is responsive to changes in macroeconomic factors affecting the risk profile of invested assets such as demand, market conditions, financial risks, future inflation, and so on. This level includes pooled funds invested in debt securities, private equity, real estate, infrastructure and timberlands.

The table below summarizes the basis of fair value measurements for financial assets held in WCB's investment portfolio:

($ thousands)	Fair value through income Level 1	Level 2	Level 3	Fair Value	Amortized Cost[5]	2016	2015
Fixed income							
Nominal bonds	$ 5,324	$ 1,802,951	$ 412,405	$ 2,220,680	$ 28,693	$ 2,249,373	$ 2,170,537
Mortgages[1]	-	-	425,593	425,593	-	425,593	497,048
	5,324	1,802,951	837,998	2,646,273	28,693	2,674,966	2,667,585
Equities							
Domestic	533,558	539,334	-	1,072,892	2,051	1,074,943	864,601
Foreign[2]	1,795,134	893,813	120	2,689,067	27,710	2,716,777	2,759,641
	2,328,692	1,433,147	120	3,761,959	29,761	3,791,720	3,624,242
Inflation-sensitive							
Real estate[3]	223,318	-	1,175,156	1,398,474	772	1,399,246	1,434,764
Infrastructure[4]	448,545	-	904,043	1,352,588	7,367	1,359,955	1,448,603
Timberlands	-	-	97,738	97,738	-	97,738	96,320
Real-return bonds	-	699,355	-	699,355	2,671	702,026	682,590
	671,863	699,355	2,176,937	3,548,155	10,810	3,558,965	3,662,277
	3,005,879	3,935,453	3,015,055	9,956,387	69,264	10,025,651	9,954,104
Derivative assets	-	26,724	-	26,724	-	26,724	-
Derivative liabilities[6]	(583)	(160)	-	(743)	-	(743)	(90,677)
Investments (net of derivatives)	$ 3,005,296	$ 3,962,017	$ 3,015,055	$ 9,982,368	$ 69,264	$ 10,051,632	$ 9,863,427
Presented as:							
Investments	$ 3,005,879	$ 3,962,177	$ 3,015,055	$ 9,983,111	$ 69,264	$ 10,052,375	$ 9,954,104
Derivative liabilities[6]	(583)	(160)	-	(743)	-	(743)	(90,677)
Investments (net of derivatives)	$ 3,005,296	$ 3,962,017	$ 3,015,055	$ 9,982,368	$ 69,264	$ 10,051,632	$ 9,863,427

[1] *Mortgages include commercial mortgages and multi-unit mortgages, excluding single-dwelling residential mortgages.*
[2] *Foreign equities comprise U.S., EAFE (Europe, Australasia, and Far East),and Emerging Markets mandates.*
[3] *Real estate investments consist of pooled funds invested in commercial properties.*
[4] *Infrastructure consists of pooled funds invested in infrastructure projects.*
[5] *Includes portfolio cash, receivables,and payables whose cost approximates fair value.*
[6] *Derivative liabilities are presented as investment liabilities in the consolidated statement of financial position.*

Transfers between levels

There were no material transfers between levels during 2016 or 2015.

Reconciliation of Level 3 activity ($ thousands)	Fixed Income	Equities	Real Estate	Infrastructure	Timberlands	**2016** **Total**	2015 Total
Balance, beginning of year	$ 870,075	$ -	$ 1,199,738	$ 1,010,249	$ 96,320	$ 3,176,382	$ 2,577,611
Income distributions	22,323	-	-	-	-	22,323	24,568
Fair value change	8,451	-	55,257	66,567	1,418	131,693	236,954
Purchases (capital returns) of Level 3 investments	237,176	120	14,457	161,369	-	413,122	493,216
Sale/settlement of Level 3 investments	(300,027)	-	(94,296)	(334,142)	-	(728,465)	(155,967)
Balance, end of year	$ 837,998	$ 120	$ 1,175,156	$ 904,043	$ 97,738	$ 3,015,055	$ 3,176,382

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Through its investment program WCB is involved with structured entities, which comprise structured vehicles (i.e., limited partnerships and structured equity) invested in operating property assets, as well as pooled funds invested in financial instruments of property-based issuers. The following discusses some unique characteristics of such entities and the nature of the risks attached to them.

Relevant activities of the structured entities that affect returns include identification, selection and/or development, and operation of established properties with stable cash flows and strong capital appreciation potential. Development and execution of an exit strategy is another important activity.

Significant constraints are imposed on funds invested in structured entities, by virtue of their legal agreements, regulatory environment, and the nature and economics of the underlying assets. Once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement (typically over the next five to ten years), unless the investment agreement provides otherwise. Once invested, funds are no longer available to the investor, and withdrawal through sale or transfer of interests is permitted only after a certain period as stipulated in the agreement.

The primary risk to WCB relating to these structured entities is lack of liquidity due to the size of the positions and the limited number of qualifying investors; and, these entities are invested in specialized or long-term assets that are difficult to liquidate due to the nature of their markets. WCB is also exposed to market and operating risks based on the underlying assets held by these entities.

WCB's financial exposure is limited to the net carrying amount of the investment.

The following table provides information about WCB's interests in unconsolidated structured entities:

($ thousands)	**2016**		2015	
Structured Entity Type by Mandate	**Carrying Value**	**Undrawn Funding Commitments**	Carrying Value	Undrawn Funding Commitments
Limited partnerships				
Nominal bonds	$ 18,066	$ -	$ 24,876	$ -
Real estate	224,727	11,475	232,894	7,893
Infrastructure	904,043	293,935	717,575	173,329
Timberlands	97,738	217,500	96,320	225,824
	1,244,574	522,910	1,071,665	407,046
Structured equity				
Real estate	545,408	-	506,554	-
	$ 1,789,982	$ 522,910	$ 1,578,219	$ 407,046

6. INVESTMENT RISK MANAGEMENT

INVESTMENT GOVERNANCE

The Board of Directors is ultimately responsible for overall strategic direction and governance of the investment portfolio through its review and approval of the Investment Policy and ongoing monitoring of investment risks, performance, and compliance.

WCB management is responsible for monitoring investment performance, recommending changes to the Investment Policy, and selecting fund managers. WCB retains independent consultants to benchmark the performance of its fund managers, and to advise on the appropriateness and effectiveness of its Investment Policy and practices.

KEY FINANCIAL RISKS

The primary financial risk for WCB is the risk that, in the long term, returns from its investments will not be sufficient to discharge all obligations arising from its claim liabilities. In order to manage this funding risk, risk management for investments has been integrated with risk management of liabilities. WCB's primary risk mitigation strategy is effective execution of its Investment Policy. The Investment Policy target asset mix, and associated risk and return characteristics, have been established to provide guidelines for a broad investment strategy, as well as specific approaches to portfolio management. The Investment Policy also calls for maintaining a well-diversified portfolio, both across and within asset classes, and engaging fund managers who represent a broad range of investment philosophies and styles, operating within a rigorous compliance framework.

WCB has identified key areas of investment risk that directly affect the sufficiency of its investments to fund current and future claim obligations:

Market risks - These risks include movements in equity market prices, interest rates, credit spreads, and foreign currency exchange rates.

Portfolio risks - These risks relate to specific composition and management of WCB's portfolio and include liquidity risk, securities lending risk, counterparty default risk and derivatives risk.

The following sections describe these risks, WCB's exposures, and their respective mitigation strategies.

MARKET RISKS

Equity market risk

WCB is exposed to equity market risk, which is the risk that the fair value of its investments in publicly traded shares will fluctuate in the future because of price changes. WCB's mitigation strategy for equity market risk is to apply disciplined oversight of investment activities within a formal investment control framework that has been reviewed and validated by independent experts to ensure continuous compliance with approved policies and practices.

The table below presents the effect on WCB's equity mandates of a significant adverse change[1] in the key risk variable — the amount of portfolio volatility:

($ thousands)	**2016**		2015	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% change in portfolio	(8.6%)	(17.1%)	(9.3%)	(18.7%)
Canadian	$ (92,000)	$ (184,000)	$ (80,754)	$ (161,508)
% change in portfolio	(9.3%)	(18.6%)	(8.8%)	(17.6%)
Global	$ (210,057)	$ (420,114)	$ (203,186)	$ (406,371)
% change in portfolio	(14.3%)	(28.5%)	(14.4%)	(28.8%)
Emerging markets	$ (64,896)	$ (129,792)	$ (64,905)	$ (129,810)

Fixed income pricing risk

Fixed income pricing risk related to financial securities arises from changes in general financial market or economic conditions that may change the pricing of the entire non-government bond market, specific sectors, or individual issuers. This risk is generally manifested through changes in the security's credit spread. WCB's investment portfolio is exposed to fixed income pricing risk through participation in a Canadian mortgage pool and through direct holdings of Canadian and foreign fixed income securities.

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[1] *A change is considered to be material when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One standard deviation covers 68 per cent of all probable outcomes; two standard deviations include 95 per cent of outcomes. The benchmark deviations are based on 2016 data.*

The table below presents the effects of a change in the credit spreads of 50 and 100 bps[1] on the mortgage portfolio and non-government portion of the bond portfolio:

($ thousands)	**2016**		2015	
Change in credit spreads	**+50 bps**	**+100 bps**	+50 bps	+100 bps
Nominal bonds	$ (21,799)	$ (43,597)	$ (21,390)	$ (42,779)
Mortgages	$ (5,533)	$ (11,065)	$ (7,704)	$ (15,408)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The table below presents the effects of a nominal interest rate change of 50 and 100 bps on the respective bond and mortgage portfolios:

($ thousands)	**2016**		2015	
Change in nominal interest rate	**+50 bps**	**+100 bps**	+50 bps	+100 bps
Nominal bonds	$ (68,714)	$ (137,427)	$ (67,255)	$ (134,510)
Real return bonds	$ (54,969)	$ (109,937)	$ (53,925)	$ (107,849)
Mortgages	$ (5,533)	$ (11,065)	$ (7,704)	$ (15,408)

Foreign currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

WCB is exposed to currency risk through foreign investments in fixed income, equities, infrastructure and timberlands. The exposures are economically hedged to the Canadian dollar by utilizing futures and forward contracts. The target hedge ratio (percentage of the exposure hedged to Canadian dollars) varies by asset class and currency. The target for fixed income, infrastructure and timberlands is 100 per cent. For foreign equities, the target is 25 per cent for the U.S. dollar and 50 per cent for other major currencies.

WCB's largest foreign currency exposure is to the U.S. dollar, with unhedged holdings of $1,210,702 (2015 – $1,060,346); euro exposure is next, with unhedged holdings of $182,477 (2015 – $137,124). For the current reporting period, the net gain from the currency overlay was $104,596 (2015 loss – $235,759).

The table below presents the effects on the foreign equity mandate of a material change in the Canadian/U.S. dollar and Canadian/euro exchange rates:

($ thousands)	**2016**		2015	
	CAD/USD	**CAD/EURO**	CAD/USD	CAD/EURO
December 31 spot rate	0.7457	0.7070	0.7199	0.6627
10% appreciation in the Canadian dollar	0.8203	0.7777	0.7919	0.7290
Global	$ (110,347)	$ (16,228)	$ (96,396)	$ (12,466)

PORTFOLIO RISKS

Derivatives risk

Although derivatives represent an important component of WCB's risk management strategy, the portfolio does not contain any derivatives intended for speculative or trading purposes. An example of derivatives used for risk mitigation is the currency overlay described in the currency risk section, which is a partial economic hedge of the currency exposure. From time to time, derivatives are also utilized as a portfolio management technique to replicate a target asset mix or achieve certain asset exposures when it is not possible or cost-effective to hold or sell securities directly.

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[1] *One basis point (bp) equals 1/100 of 1 per cent: 50 bps = 50/100 of 1 per cent or 0.5 per cent.*

The notional value of a derivative contract used in an economic hedging arrangement represents the exposure that is being hedged, and is the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not indicative of the credit risk associated with such derivative contracts. WCB's credit exposure is represented by the replacement cost of all outstanding contracts in a receivable (positive fair value) position.

The table below summarizes the fair value of WCB's derivative portfolio of open contract positions in segregated funds as at December 31. Derivative contracts in a gain position (financial assets) have been presented separately from contracts in a loss position (financial liabilities) and are presented with their remaining terms to maturity.

($ thousands)		**2016**			2015		
	Term to Maturity	**Notional Principal**	**Derivative Contract Assets**	**Derivative Contract Liabilities**	Notional Principal	Derivative Contract Assets	Derivative Contract Liabilities
Asset replication contracts	Within 1 year	$ 40,957	$ -	$ (238)	$ 42,157	$ -	$ -
Foreign-exchange contracts	Within 1 year	2,236,249	26,724	(505)	1,931,697	-	(90,677)
		$ 2,277,206	$ 26,724	$ (743)	$ 1,973,854	$ -	$ (90,677)

WCB also has indirect exposure to derivatives risk through its pooled investments.

Liquidity risk

Liquidity risk is the risk that WCB will encounter difficulty in meeting obligations associated with its liabilities, particularly claim liabilities, which are funded from cash and cash equivalents, as well as investments where necessary. This risk stems from the lack of marketability of a security that cannot be bought or sold quickly enough to prevent or minimize a loss.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WCB mitigates liquidity risk by minimizing the need for forced liquidations of portfolio assets in volatile markets and by holding a number of investments in readily marketable instruments (publicly traded equity and fixed income securities). Some investments, particularly those in structured entities, are not readily marketable or liquid, as discussed in the section *Interests in Unconsolidated Structured Entities* in Note 5.

To cover unanticipated cash requirements when market conditions are unfavourable, WCB also has an available standby line of credit of up to $20 million, which has not been drawn down as at December 31, 2016.

Counterparty default risk

Counterparty default risk arises from the possibility that the issuer of a debt security, or the counterparty to a derivatives contract, fails to discharge its contractual obligations to WCB.

To mitigate counterparty default risk, WCB requires that credit ratings for counterparties not fall below an acceptable threshold. The Investment Policy permits bond issuers to have lower than a BBB- (or equivalent) score from a recognized credit-rating agency, but such holdings may not exceed ten per cent of total fixed income assets in the portfolio. Counterparties for derivative contracts will have at least an A- credit rating or equivalent from a recognized credit-rating agency. Each fund is closely monitored for compliance to ensure that aggregate exposures do not exceed those specified investment constraints.

As at December 31, 2016, the aggregate amount of fixed income securities in segregated funds with counterparty ratings below BBB- was $120,495 (2015 – $157,227). WCB also has indirect exposure to counterparty default risk through its pooled investments.

Securities lending risk

WCB participates in a securities-lending program sponsored by its custodian. Under IFRS 9, securities lending arrangements are considered transfers of assets that are not derecognized because the transferor retains substantively the risks and rewards of ownership, notwithstanding the transferee's right to sell or pledge those assets. WCB is protected against loss of the transferred securities by requiring the borrower to provide collateral in the form of marketable securities having a minimum fair value of 102 per cent of the loan. Such collateral is not recognized because it is available to the transferor only upon failure of the transferee to fulfil its commitments. In any event, the custodian is also contractually obligated to indemnify WCB for any losses resulting from inadequate collateral.

At December 31, 2016, securities on loan through the custodian totalled $1,296,229 (2015 – $1,472,157), secured by $1,391,200 (2015 – $1,573,130) of posted collateral. During 2016, the securities-lending program generated income of $4,705 (2015 – $4,022).

7. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment (PPE) are recognized as an asset if it is probable that WCB will realize future economic benefits. Items are initially measured at acquisition cost, and subsequently at amortized cost.

After initial recognition, property, plant and equipment is stated at historical cost less accumulated depreciation and impairment (if applicable) with the exception of land, which is not depreciated. Leased assets and leasehold improvements are depreciated over their lease term. All other items are depreciated over their expected useful life. Depreciation expense is recognized when an asset is ready for use.

Residual values, useful lives, and depreciation methods are reviewed at each financial year-end and adjusted if appropriate. Depreciation expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

WCB applies the following annual depreciation rates and methods:

Buildings	*2.5 per cent straight-line*
Leasehold improvements	*Straight-line over the expected lease term*
Equipment:	
• *Computer (owned)*	*35 per cent declining balance*
• *Computer (leased)*	*Straight-line over the lease term*
Furniture and other	*15 per cent declining balance*
Vehicles	*20 per cent straight-line*

WCB evaluates its property, plant and equipment for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use. When the carrying value exceeds the amount of future economic benefit through utilization, the item of property, plant and equipment is written down to the recoverable amount and the amount recognized as an impairment loss.

($ thousands)						2016	2015
	Land/ Buildings	Leasehold Improvements	Computer Equipment	Office Furniture/ Equipment	Vehicles/ Other	**Total**	Total
Cost							
Balance, beginning of year	$ 59,085	$ 1,841	$ 16,537	$ 19,583	$ 764	$ 97,810	$ 93,843
Current period activity:							
Capitalized expenditure	3,689	61	6,875	1,535	32	12,192	8,849
Transfer from PPE under construction	(891)	(61)	(3,668)	(397)	-	(5,017)	(3,516)
Disposals	-	-	(1,956)	(82)	(19)	(2,057)	(6,384)
PPE under construction	1,891	201	1,542	230	-	3,864	5,018
Balance, end of year	$ 63,774	$ 2,042	$ 19,330	$ 20,869	$ 777	$ 106,792	$ 97,810
Accumulated depreciation and impairment							
Balance, beginning of year	$ 22,717	$ 1,162	$ 6,178	$ 12,838	$ 626	$ 43,521	$ 43,848
Current period activity:							
Depreciation	1,221	157	4,173	1,060	53	6,664	6,057
Disposals	-	-	(1,956)	(82)	(19)	(2,057)	(6,384)
Balance, end of year	$ 23,938	$ 1,319	$ 8,395	$ 13,816	$ 660	$ 48,128	$ 43,521
Carrying value, beginning of year	$ 36,368	$ 679	$ 10,359	$ 6,745	$ 138	$ 54,289	$ 49,995
Carrying value, end of year	$ 39,836	$ 723	$ 10,935	$ 7,053	$ 117	$ 58,664	$ 54,289

Property, plant and equipment under finance leases

Included in property, plant and equipment is computer equipment acquired through finance leases at cost of $7,165 (2015 – $5,722), accumulated depreciation of $3,450 (2015 – $2,323), and carrying value of $3,715 (2015 – $3,399).

See Note 9 *Lease and Other Commitments* for accounting policy and further details on leased property, plant and equipment.

8. INTANGIBLE ASSETS

ACCOUNTING POLICY

WCB's intangible assets are composed of computer software developed internally or acquired through third party vendors and customized as necessary. Development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable, and WCB has the intention and sufficient resources to complete development and to use the asset in the manner intended.

Computer software is measured at cost upon initial recognition. After initial recognition, computer software is measured at cost less accumulated amortization and impairment (if applicable). Computer software is amortized on a straight-line basis at 20 per cent per year commencing from the date that the software is available for use. When the carrying value exceeds the amount of future economic benefit through utilization, the item is written down to the recoverable amount and the amount recognized as an impairment loss.

Amortization expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

($ thousands)			2016	2015
	In Use	Under Development	**Total**	Total
Cost				
Balance, beginning of year	$ 121,887	$ 2,015	$ 123,902	$ 126,292
Capitalized expenditure	-	10,242	10,242	8,114
Transfers from development	65	(65)	-	-
Disposals	-	-	-	(10,504)
Balance, end of year	$ 121,952	$ 12,192	$ 134,144	$ 123,902
Accumulated amortization and impairment				
Balance, beginning of year	$ 94,904	$ -	$ 94,904	$ 98,506
Amortization	8,161	-	8,161	6,902
Disposals	-	-	-	(10,504)
Balance, end of year	$ 103,065	$ -	$ 103,065	$ 94,904
Carrying value, beginning of year	$ 26,983	$ 2,015	$ 28,998	$ 27,786
Carrying value, end of year	$ 18,887	$ 12,192	$ 31,079	$ 28,998

9. LEASE AND OTHER COMMITMENTS

ACCOUNTING POLICY

Leases of property, plant and equipment where WCB acquires substantially all the risks and rewards of ownership are classified as finance leases. At lease commencement, finance leases are recognized in the consolidated statement of financial position as assets and corresponding obligations at the lower of the fair value of the leased property and the present value of future minimum lease payments.

Lease payments are allocated between the liability and finance charges using the effective interest method to achieve a constant rate of interest on the remaining balance of the lease. The interest portion of the payment is charged to income over the lease period, while the principal portion is applied against the lease obligation.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to income over the lease term.

Lease obligations

WCB has obligations under long-term non-cancellable finance lease agreements for mainframe and desktop computer equipment. The land for WCB's rehabilitation centre and office space in Edmonton and Calgary are held under operating leases. WCB's leases have remaining terms of between one and 15 years.

Undiscounted future minimum lease payments under finance leases are $4,251 (2015 – $3,759), with a carrying value of $4,040 (2015 – $3,532), the difference of $211 (2015 – $227) being the effect of discounting.

See Note 7 *Property, Plant and Equipment* for carrying values of computer equipment held under finance leases and Note 19(c) *Trade and Other Liabilities* for presentation of the current finance lease obligation.

Commitments

WCB enters into contractual commitments for purchases of goods and services as part of its regular business activities. Future undiscounted expenditure commitments are listed in the table below.

($ thousands)				**2016**	2015
	Leases				
	Finance	**Operating**	**Other Commitments**	**Total**	Total
2016	$ -	$ -	$ -	$ -	$ 17,408
2017	2,386	2,010	19,998	24,394	14,930
2018	1,052	1,879	2,576	5,507	3,185
2019	656	929	610	2,195	891
2020	157	291	598	1,046	180
2021 and beyond	-	1,891	95	1,986	1,576
	$ 4,251	$ 7,000	$ 23,877	$ 35,128	$ 38,170

WCB also has undrawn investment commitments for certain limited partnerships. See the section *Interests in Unconsolidated Structured Entities* in Note 5 *Investments*.

10. EMPLOYEE BENEFITS

ACCOUNTING POLICY

WCB provides active service and defined post-employment benefits to its employees. WCB also participates in certain multi-employer pension plans sponsored by the province of Alberta. An expense and a liability for benefits earned are recognized in the period that employee service has been rendered.

For defined post-employment benefit plans, current service cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the projected unit credit actuarial method, a market interest rate and management's best estimate of projected benefit costs. The net plan liability as at the reporting date is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash outflows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability less the fair value of plan assets. Current service cost and interest expense of pension and other post-employment benefits are estimated using different discount rates derived from the same yields, reflecting the different timing of benefit payments for past service (the defined benefit obligation) and future service (the current service cost). Current service cost, interest expense, and interest income comprise the amount required in each year to build up the liability over the projected benefit period to its future value.

Remeasurement changes in plan assets and benefit liabilities, arising from actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

ACTIVE SERVICE BENEFITS

WCB's short-term benefits for active employees include salary, compensated absence (sick leave, statutory holidays, and annual vacation), group life insurance, dental and medical coverage, employee family assistance program, education support, and health and wellness benefits.

Termination benefits are provided for through employment contracts, statutory requirements, or constructive obligations. As at December 31, 2016 and 2015, there were no material expenditures or provisions relating to termination benefits.

POST-EMPLOYMENT BENEFITS

Pension plans

Employee post-retirement benefits are provided through contributory multi-employer defined benefit pension plans sponsored by the province of Alberta, namely the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). Under defined benefit plan accounting, WCB must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts, service cost, interest expense and interest income prorated on WCB's share of total contributions.

Both plans have funding deficiencies that have statutory funding requirements by employers and employees to eliminate any plan deficiencies over a specific time horizon. The information in this note reflects the annual actuarial valuation of WCB's share of the plans' assets, benefit obligations, remeasurement amounts, service cost, interest expense and interest income.

Supplemental executive retirement plan

WCB sponsors a non-contributory supplemental executive retirement plan (SERP). Earnings of senior management generally exceed the threshold earnings for the maximum pension benefit permitted under the federal *Income Tax Act*. Under the terms of the SERP, senior management is entitled to receive supplemental retirement payments that bring their total pension benefits to a level consistent with their total earnings for service since the inception of the SERP or appointment to a senior management position, whichever is later. Future pension benefits are based on the participants' years of service and earnings.

See Note 17 *Related Party Transactions* for a breakdown of SERP costs by executive position.

Post-retirement benefit plan

WCB provides a contributory benefit plan that provides dental and health care benefits to retirees on pensions between the ages of 55 to 65. As plan participants pay part of the benefit cost, the benefit obligation represents the difference between actual costs and contributions subsidized by WCB.

OTHER BENEFIT PLANS

Long-term disability plan

WCB administers a self-insured non-contributory long-term disability (LTD) income continuance plan for its employees. The LTD liability represents the present value of all future obligations arising from disability claims incurred up to and including the reporting date.

EMPLOYEE BENEFIT PLAN ASSUMPTIONS

The table below presents key assumptions applicable to WCB's employee future benefit plans.

	2016					2015				
	PSPP	**MEPP**	**SERP**	**Post Retirement**	**LTD**	PSPP	MEPP	SERP	Post Retirement	LTD
Date of most recent actuarial valuation	**12/31/2016**	**12/31/2016**	**12/31/2016**	**12/31/2016**	**12/31/2016**	12/31/2015	12/31/2015	12/31/2015	12/31/2015	12/31/2015
Economic assumptions										
Discount rate (nominal) for benefit obligation	4.0%	3.9%	4.0%	3.7%	3.3%	4.2%	4.1%	4.2%	3.9%	3.7%
Alberta inflation rate (long-term)	2.0%	2.0%	2.0%	n/a	n/a	2.3%	2.3%	2.3%	n/a	n/a
Salary escalation rate	3.0%	0% for 2 yrs; 2.8% thereafter	0.0%	n/a	2.0%	3.5%	3.5%	3.0%	n/a	3.0%
Multi-employer plan funding assumptions										
WCB share of plan contributory payroll	4.1%	1.2%				4.3%	1.3%			
Current service cost rate on contributory payroll	17.1%	23.3%				17.1%	22.6%			
WCB's contributions for the current period *($ thousands)*	$ 14,615	$ 1,547				$ 14,505	$ 1,645			
WCB's expected contributions for the following period *($ thousands)*	$ 15,053	$ 1,254				$ 15,012	$ 1,703			

DEFINED BENEFIT PLAN LIABILITIES

($ thousands)	Pension Liabilities [1]	Other Retirement Liabilities [2]	LTD	**2016**	2015
Change in defined benefit obligation					
Defined benefit obligation, beginning of year	$ 373,115	$ 10,742	$ 16,148	$ 400,005	$ 404,092
Current service cost [3]	16,190	825	2,300	19,315	19,949
Interest expense [4]	15,388	448	565	16,401	16,140
Remeasurement (gains) losses [5]	(23,563)	(784)	(3,238)	(27,585)	(25,818)
Benefit payments	(12,228)	(148)	(2,172)	(14,548)	(14,358)
Defined benefit obligation, end of year	$ 368,902	$ 11,083	$ 13,603	$ 393,588	$ 400,005
Change in fair value of plan assets					
Fair value of plan assets, beginning of year	$ 266,340	$ -	$ -	$ 266,340	$ 254,271
Employer contributions	16,163	148	2,172	18,483	18,638
Interest income [4]	11,265	-	-	11,265	10,270
Remeasurement gains (losses) [5]	(9,277)	-	-	(9,277)	(2,481)
Benefit payments	(12,228)	(148)	(2,172)	(14,548)	(14,358)
Fair value of plan assets, end of year	$ 272,263	$ -	$ -	$ 272,263	$ 266,340
Net plan liability					
Defined benefit obligation	$ 368,902	$ 11,083	$ 13,603	$ 393,588	$ 400,005
Fair value of plan assets	272,263	-	-	272,263	266,340
	$ 96,639	$ 11,083	$ 13,603	$ 121,325	$ 133,665

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[1] *Pension liabilities include WCB's proportionate share of the PSPP and MEPP net unfunded liabilities.*

[2] *Other retirement liabilities include SERP and the post-retirement benefit plan.*

[3] *Current service costs are presented within corporate administration in the consolidated statement of comprehensive income.*

[4] *Interest expense is presented net of interest income in the consolidated statement of comprehensive income.*

[5] *Remeasurement gains and losses on plan obligations due to discount rate changes and experience are presented net of gains and losses on plan assets in the consolidated statement of comprehensive income.*

RISKS ARISING FROM DEFINED BENEFIT PLANS

Economic risks

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets, and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets. Benefit obligations are exposed to uncertainty of future economic conditions, primarily inflation risk due to the extremely long tails of post-employment benefits, and health care escalation due to increasingly higher costs of treatment and prescription drugs.

Demographic risks

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates, mortality and morbidity rates, etc.

Multi-employer plan funding risk

In addition to economic and demographic risk factors, WCB is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for and amount of pension and related benefits; and
- Performance of plan assets affected by investment policies set by the pension boards or changes in the assumptions used to value liabilities.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

Sensitivity analysis

The following table shows the effect of a 25 basis point change in the assumed discount rate, inflation rate, and wage inflation rate on WCB's proportionate share of the accrued benefit obligations of PSPP and MEPP. The impacts of the assumption changes on WCB's other employee benefit plans, individually and in aggregate, are immaterial.

($ thousands)	**2016**		2015	
+/- % change on assumed rates	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Discount rate based on market yields on high-quality corporate bonds	$ (14,464)	$ 14,464	$ (14,533)	$ 14,533
General inflation rate	$ 6,183	$ (6,183)	$ 6,229	$ (6,229)
Wage inflation rate	$ 2,380	$ (2,380)	$ 2,263	$ (2,263)

11. CLAIM BENEFIT LIABILITIES

ACCOUNTING POLICY

The claim benefit liability represents the actuarial present value of all expected future benefit payments for claims and for workplace exposures that have occurred before the valuation date that may result in recognized occupational disease claims after the valuation date. The liability includes a provision for future costs of managing claims but does not include claims and payments that are on a self-insured basis. Valuation of claim benefit liabilities complies with Standards of Practice issued by the Actuarial Standards Board (ASB) of the Canadian Institute of Actuaries.

Gains and losses resulting from the valuation of the liability arise from differences between actual claims experience and that expected based on the previous valuation, changes to actuarial methods and assumptions as well as changes in policy, legislation, and administrative practices. Such gains and losses are recognized in income in the period that they occur.

ACTUARIAL METHODOLOGY AND BASIS OF VALUATION

Claim benefit liabilities are independently valued annually at year end by WCB's external actuary. Claim benefit liabilities include a provision for all covered benefits and for the future expenses of administering those benefits, including funding obligations to the Appeals Commission and the Medical Panel Office.

Estimated future expenditures are expressed in constant dollars increased to consider expected future escalation, and then discounted at the assumed long-term rate of return on investments.

The valuation is based on WCB legislation, policies, and administrative practices in effect as at the valuation date. Estimation of the liability requires the use of actuarial methods and assumptions that are periodically assessed and adjusted based on frequent monitoring of actual claims experience, the economy, and other relevant factors throughout the year.

Since the claim benefit liabilities of WCB are of a long-term nature, the actuarial assumptions and methods used to calculate the reported claim benefit liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in conditions within one year of the consolidated financial statement date could require material change in recognized amounts in a subsequent period or periods.

See Note 12 *Claim Benefit Risks* for further discussion of measurement uncertainty with respect to valuation of WCB's claim benefit liabilities.

ACTUARIAL ASSUMPTIONS

The most significant economic assumptions for the determination of claim benefit liabilities are the assumed rate of return on invested assets used for discounting expected future benefit payments, and the escalation rates for benefit costs into the future. All actuarial assumptions are determined on a "best estimate" basis, except for the real rate of return on investments (i.e., the difference between the expected long-term investment return and the expected long-term general inflation rate). The expected long-term investment return assumption is targeted at about 70 per cent probability level, which provides a margin for adverse deviation in the liability.

Long-term economic assumptions for general inflation and wage escalation are developed by using historical statistics and other economic indicators. The cost-of-living adjustment assumption is determined in accordance with policy and administrative practice. Health care escalation is developed from analysis of WCB health care cost experience, taking into consideration the results of external studies. This escalation rate represents general inflation plus excess inflation of 2.5 per cent, covering both the increases in the costs per treatment and in utilization.

The table below presents key long-term economic assumptions used to determine the claim benefit liabilities:

	2016	2015
Nominal rate of return	4.55%	5.32%
General inflation rate	2.00%	2.50%
Real rate of return	2.50%	2.75%
Cost-of-living adjustment	1.53%	2.00%
Wage escalation	3.00%	3.50%
Health care escalation	4.50%	5.00%

RECONCILIATION OF CLAIM BENEFIT LIABILITIES

The table below is a reconciliation of the movement in claim benefit liabilities, highlighting the significant changes for each major benefit category.

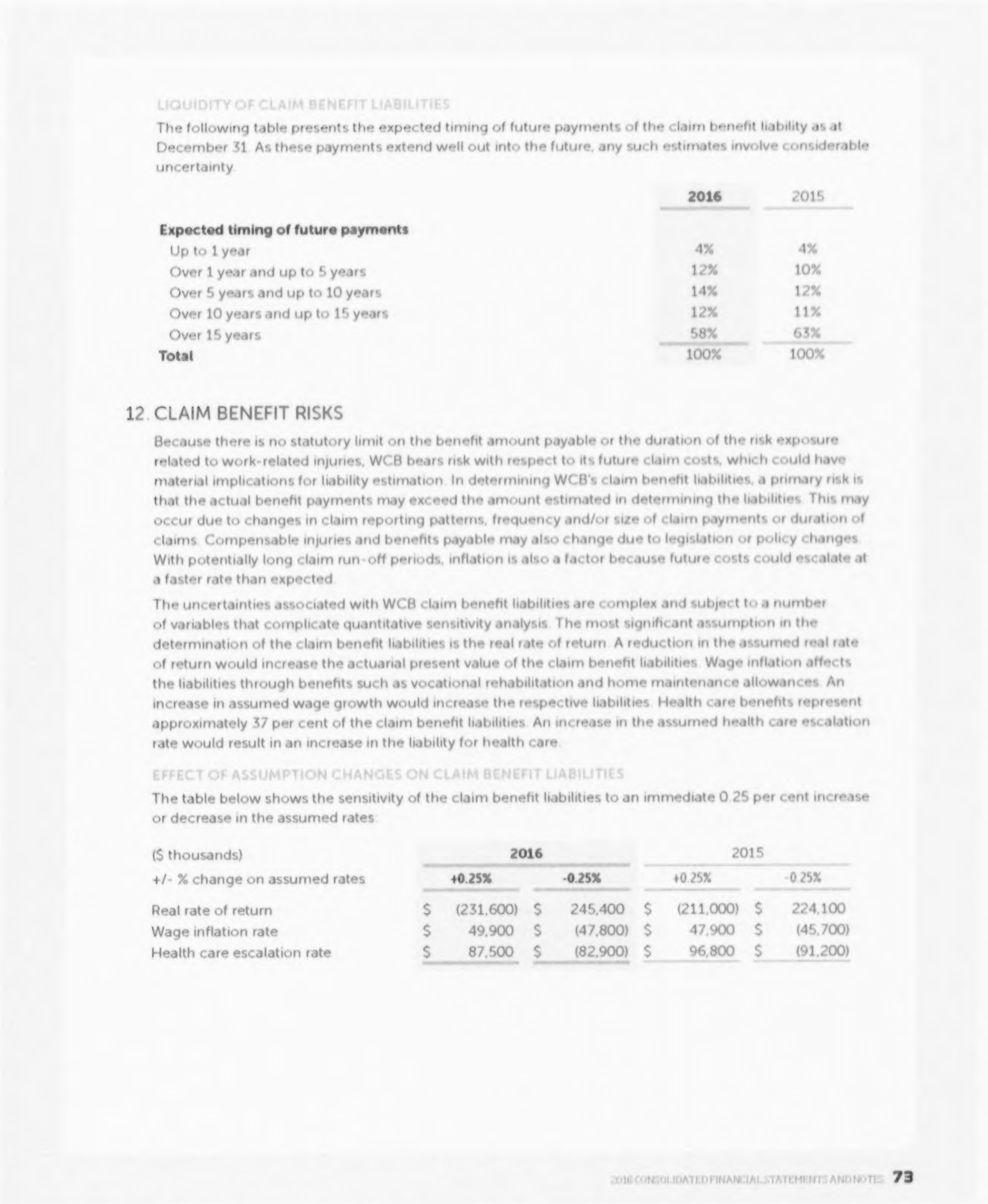
($ thousands)	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Claims Management	**2016**	2015
Claim benefit liabilities, beginning of year	$ 486,800	$ 2,649,300	$ 566,000	$ 2,467,900	$ 192,200	$ 505,100	$ 6,867,300	$ 6,629,800
Claim costs recognized during the year								
Provision for future costs of current year injuries and exposures	105,400	166,100	25,900	241,200	45,800	69,300	653,700	626,600
Claim benefits processed in the year	71,686	3,043	1,522	113,547	4,516	51,657	245,971	261,037
Total claim costs recognized during the year	177,086	169,143	27,422	354,747	50,316	120,957	899,671	887,637
Claim payments processed during the year								
Payments for current year injuries	(71,686)	(3,043)	(1,522)	(113,547)	(4,516)	(51,657)	(245,971)	(261,037)
Payments for prior years' injuries	(113,499)	(183,900)	(42,811)	(176,064)	(55,802)	(66,407)	(638,483)	(596,152)
	(185,185)	(186,943)	(44,333)	(289,611)	(60,318)	(118,064)	(884,454)	(857,189)
Interest expense on the liability	23,200	136,400	28,900	126,300	9,000	25,100	348,900	336,300
Remeasurement of the liability								
Changes in valuation methods and assumptions								
Economic assumptions	8,800	88,700	20,900	85,900	2,000	13,100	219,400	-
Latent occupational diseases valuation	8,100	(18,100)	13,800	(92,900)	(3,200)	3,900	(88,400)	-
Long term health care benefits	-	-	-	34,900	-	2,600	37,500	-
Changes to Act, Regulation, policies and administrative practices								
Payment increases for personal care and housekeeping allowances	-	24,600	-	128,100	-	-	152,700	-
Changes in claims experience								
Inflation and wage growth different than expected	(14,700)	(66,000)	(10,900)	(30,900)	(8,700)	(1,200)	(132,400)	(103,000)
Economic loss payments higher than expected	-	118,700	-	-	-	-	118,700	15,800
Other experience (gains) losses	16,099	4,300	(1,389)	(14,736)	10,102	(293)	14,083	(42,048)
	18,299	152,200	22,411	110,364	202	18,107	321,583	(129,248)
Claim benefit liabilities, end of year	$ 520,200	$ 2,920,100	$ 600,400	$ 2,769,700	$ 191,400	$ 551,200	$ 7,553,000	$ 6,867,300

See Note 14 *Claims and Claims Management Expenses* for details of the amounts recognized in income for the reporting period.

CLAIMS DEVELOPMENT

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2007–2016. The top part of the table illustrates how the estimate of total claim benefits for each accident year has changed with more experience over succeeding year-ends. The shaded claims triangle shows the estimated cost of claims for an accident year in the year of the accident, one year after the year of the accident, two years after the year of the accident and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many WCB benefit types, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the consolidated statement of financial position.

		Accident Year										
($ millions)	Prior Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	**Total**
Estimate of cumulative claims benefits												
At end of accident year		1,313.6	1,407.8	1,301.8	1,333.5	1,444.3	1,320.8	1,423.6	1,438.2	1,421.3	*1,323.9*	
One year later		1,295.3	1,308.5	1,250.4	1,299.4	1,250.4	1,305.7	1,383.6	1,414.3	*1,353.1*		
Two years later		1,197.1	1,276.4	1,239.5	1,118.5	1,220.9	1,256.9	1,394.3	*1,407.1*			
Three years later		1,176.1	1,271.1	1,095.7	1,080.8	1,175.3	1,258.0	*1,343.6*				
Four years later		1,154.1	1,135.9	1,074.7	1,047.6	1,160.0	*1,212.5*					
Five years later		1,035.3	1,115.1	1,048.4	1,042.8	*1,119.5*						
Six years later		1,016.2	1,094.4	1,031.8	*999.3*							
Seven years later		1,006.5	1,077.6	*991.9*								
Eight years later		997.9	*1,043.4*									
Nine years later		*962.2*										
Current estimate of cumulative claim benefits		962.2	1,043.4	991.9	999.3	1,119.5	1,212.5	1,343.6	1,407.1	1,353.1	1,323.9	
Cumulative payments		(465.9)	(491.0)	(437.4)	(420.4)	(456.6)	(442.9)	(468.6)	(436.7)	(359.9)	(194.3)	
Outstanding benefits												
Undiscounted	$ 5,120.1	$ 496.3	$ 552.4	$ 554.5	$ 578.9	$ 662.9	$ 769.6	$ 875.0	$ 970.4	$ 993.2	$ 1,129.6	$12,702.9
Effect of discounting	(2,348.6)	(264.6)	(295.0)	(299.2)	(310.9)	(357.0)	(424.1)	(477.7)	(521.6)	(524.3)	(538.2)	(6,361.2)
	2,771.5	231.7	257.4	255.3	268.0	305.9	345.5	397.3	448.8	468.9	591.4	6,341.7
Claims management												
Undiscounted												1,057.8
Effect of discounting												(506.6)
												551.2
Latent occupational diseases												
Undiscounted												1,863.2
Effect of discounting												(1,203.1)
												660.1
Total claim benefits												
Undiscounted												15,623.9
Effect of discounting												(8,070.9)
Claim benefit liabilities												$ 7,553.0



LIQUIDITY OF CLAIM BENEFIT LIABILITIES

The following table presents the expected timing of future payments of the claim benefit liability as at December 31. As these payments extend well out into the future, any such estimates involve considerable uncertainty.

	2016	2015
Expected timing of future payments		
Up to 1 year	4%	4%
Over 1 year and up to 5 years	12%	10%
Over 5 years and up to 10 years	14%	12%
Over 10 years and up to 15 years	12%	11%
Over 15 years	58%	63%
Total	100%	100%

12. CLAIM BENEFIT RISKS

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work-related injuries, WCB bears risk with respect to its future claim costs, which could have material implications for liability estimation. In determining WCB's claim benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claim run-off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

The uncertainties associated with WCB claim benefit liabilities are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The most significant assumption in the determination of the claim benefit liabilities is the real rate of return. A reduction in the assumed real rate of return would increase the actuarial present value of the claim benefit liabilities. Wage inflation affects the liabilities through benefits such as vocational rehabilitation and home maintenance allowances. An increase in assumed wage growth would increase the respective liabilities. Health care benefits represent approximately 37 per cent of the claim benefit liabilities. An increase in the assumed health care escalation rate would result in an increase in the liability for health care.

EFFECT OF ASSUMPTION CHANGES ON CLAIM BENEFIT LIABILITIES

The table below shows the sensitivity of the claim benefit liabilities to an immediate 0.25 per cent increase or decrease in the assumed rates:

($ thousands)	**2016**		2015	
+/- % change on assumed rates	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Real rate of return	$ (231,600)	$ 245,400	$ (211,000)	$ 224,100
Wage inflation rate	$ 49,900	$ (47,800)	$ 47,900	$ (45,700)
Health care escalation rate	$ 87,500	$ (82,900)	$ 96,800	$ (91,200)

13. PREMIUM REVENUE

ACCOUNTING POLICY

Premiums are assessed and due when employers report their insurable earnings for the current year. For employers who have not reported, premiums are estimated and included in the amount receivable. Premium revenue includes estimates for Partnerships in Injury Reduction (PIR) rebates and other items.

Premium revenue is fully earned and recognized over the annual coverage period. Any difference between actual and estimated premiums and rebates is adjusted in the following year.

($ thousands)	**2016**	2015
Premiums		
Assessed premium revenue for current year	$ 1,057,620	$ 1,095,722
Other premium-related revenue	9,654	7,558
	1,067,274	1,103,280
Deduct: Partnerships in Injury Reduction rebates	72,747	78,645
	$ 994,527	$ 1,024,635

Assessed premium revenue includes an accrual of $40,869 payable (2015 – $19,310 payable) for amounts related to yet to be reported insurable earnings for the current period. The accrual has been determined using an internally developed statistical model to estimate the amount of unreported earnings based on actual returns processed to date and historical patterns of processed to unprocessed returns at a specified point in time.

PIR is a voluntary program that pays rebates to registered employers that have met the eligibility requirements in achieving certain workplace safety targets as specified under the program. Earned rebates are payable in the following year. The estimated rebate amount is based on several factors, including premiums paid, year-over-year improvement in claims experience and safety performance relative to industry benchmarks, among others. See Note 19(e) *Safety rebates* for supplemental information on the Partnerships in injury reduction rebates.

14. CLAIMS AND CLAIMS MANAGEMENT EXPENSES

The table below presents details of claims and claims management expenses reported in the consolidated statement of comprehensive income.

($ thousands)	2016			2015
	Current Year Injuries	**Prior Years' Injuries**	**Total**	Total
Claims expense				
Provision for future costs of current year injuries and exposures [1]	$ 653,700	$ -	$ 653,700	$ 626,600
Claim payments processed in the year				
Short-term disability	71,686	113,499	185,185	177,100
Long-term disability	3,043	183,900	186,943	174,055
Survivor benefits	1,522	42,811	44,333	44,692
Health care	113,547	176,064	289,611	297,225
Rehabilitation	4,516	55,802	60,318	50,428
	194,314	572,076	766,390	743,500
Claim payments related to prior years [2]	-	(638,483)	(638,483)	(596,152)
	194,314	(66,407)	127,907	147,348
	$ 848,014	$ (66,407)	$ 781,607	$ 773,948
Claims management [3]				
Claims-related administration	51,619	53,941	105,560	101,479
Appeals Commission	37	12,129	12,166	11,897
Medical Panel Office	1	337	338	313
	$ 51,657	$ 66,407	$ 118,064	$ 113,689
	$ 899,671	$ -	$ 899,671	$ 887,637

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[1] *Provision for future costs of current year injuries represents the present value of all future obligations for benefit payments arising from current year injuries and occupational disease exposures.*

[2] *Although claim payments relating to prior years injuries are processed in the reporting period, they are not expensed in the current year but are charged to the liabilities established for prior accident years.*

[3] *Claims management represents WCB's internal functional costs related to claims processing as well as funding of the external decision review bodies. Claims management expenses are included in claim benefit liabilities for valuation purposes but are presented separately in the consolidated statement of comprehensive income, see Note 15* Administration Expense, *for Claims-related administration.*

15. ADMINISTRATION EXPENSE

WCB's primary administrative functions include:

- **Claims-related administration** – responsible for adjudicating claims, processing benefit payments, and the provision of return-to-work services to injured workers.
- **Corporate administration** – provides general management and administrative support.

The table below presents administration expenses broken down by nature of expense and by function:

($ thousands)	Corporate	Claims-related	**2016**	2015
Administration expenses				
Salaries and employee benefits	$ 63,751	$ 118,044	$ 181,795	$ 178,143
Technology	13,091	6,150	19,241	18,963
Office	4,021	1,312	5,333	5,548
Occupancy	2,723	6,280	9,003	9,321
Professional fees	1,329	2,634	3,963	4,062
Travel	544	406	950	984
Other	1,303	634	1,937	1,443
	86,762	135,460	222,222	218,464
Depreciation and amortization	7,980	6,842	14,822	12,779
	94,742	142,302	237,044	231,243
Less:				
Cost recoveries	68	7,484	7,552	8,053
Reclassifications to:				
Claims expense – rehabilitation services	-	29,258	29,258	28,364
Investment management expense [1]	3,371	-	3,371	3,225
	3,439	36,742	40,181	39,642
	$ 91,303	$ 105,560	$ 196,863	$ 191,601

[1] *Investment management expense represents internal expenses, see Note 16* Investment Income and Expense.

16. INVESTMENT INCOME AND EXPENSE

ACCOUNTING POLICY

The primary components of investment income include:

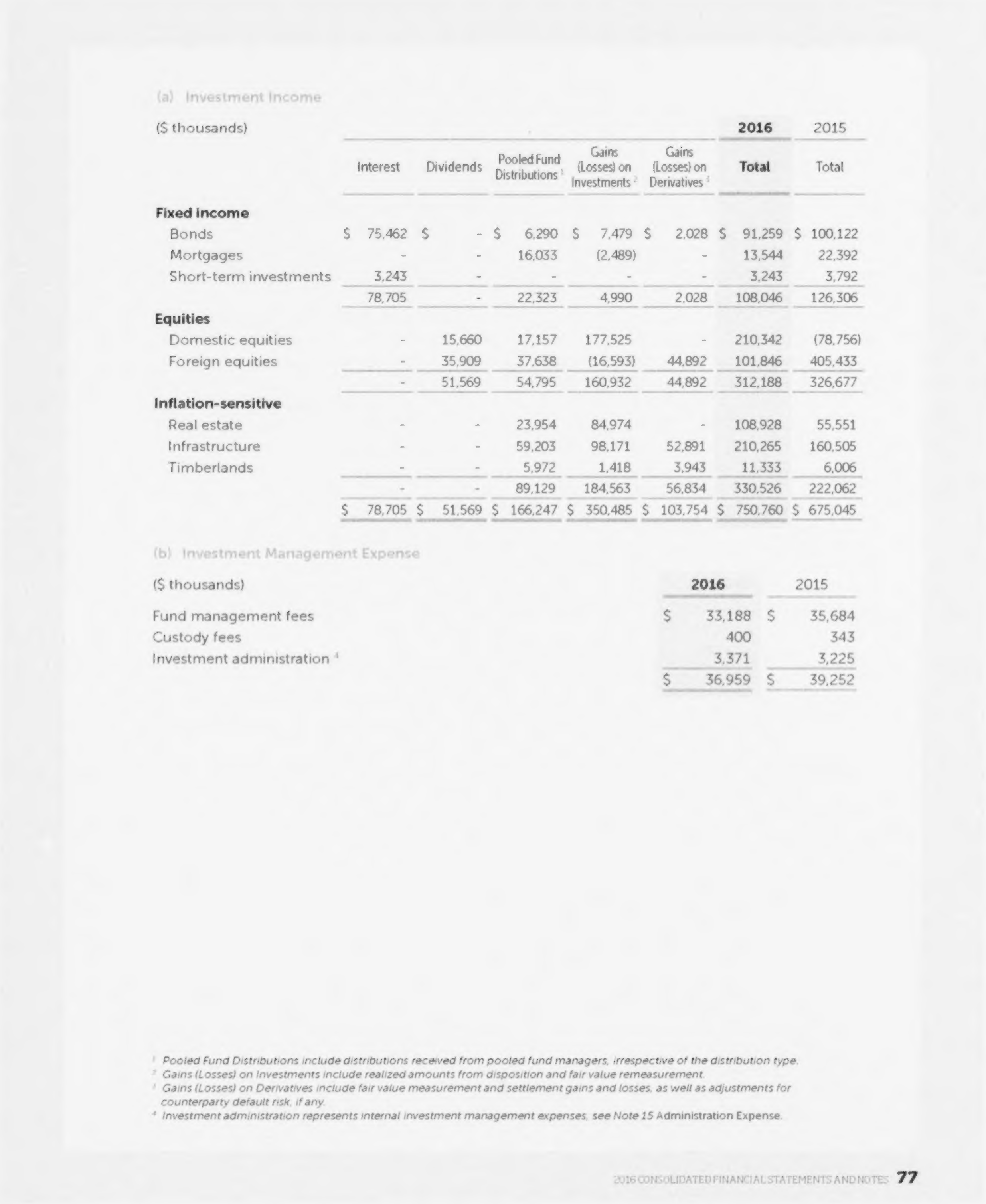
(a) Gains and losses from investments classified at fair value through income (including gains and losses from remeasurement and from disposition of assets) recognized in income in the period in which they arise;

(b) Interest revenue accrued using the effective interest method, net of amortization of any premium or discount recognized at date of purchase;

(c) Dividend income when a right to payment has been established based on the ex-dividend date for quoted securities; and

(d) Pooled fund distributions (fund income received as cash or reinvested in the fund) when a right to distributable income has been established. Fund distributions do not attribute underlying income by nature.

Investment expense is composed primarily of investment management expenses, for both external and internal portfolio managers. Fund management expenses of pooled investments, excluding investment management fees, are netted against the revenues of those respective funds.



(a) Investment Income

($ thousands)	Interest	Dividends	Pooled Fund Distributions [1]	Gains (Losses) on Investments [2]	Gains (Losses) on Derivatives [3]	**2016 Total**	2015 Total
Fixed income							
Bonds	$ 75,462	$ -	$ 6,290	$ 7,479	$ 2,028	$ 91,259	$ 100,122
Mortgages	-	-	16,033	(2,489)	-	13,544	22,392
Short-term investments	3,243	-	-	-	-	3,243	3,792
	78,705	-	22,323	4,990	2,028	108,046	126,306
Equities							
Domestic equities	-	15,660	17,157	177,525	-	210,342	(78,756)
Foreign equities	-	35,909	37,638	(16,593)	44,892	101,846	405,433
	-	51,569	54,795	160,932	44,892	312,188	326,677
Inflation-sensitive							
Real estate	-	-	23,954	84,974	-	108,928	55,551
Infrastructure	-	-	59,203	98,171	52,891	210,265	160,505
Timberlands	-	-	5,972	1,418	3,943	11,333	6,006
	-	-	89,129	184,563	56,834	330,526	222,062
	$ 78,705	$ 51,569	$ 166,247	$ 350,485	$ 103,754	$ 750,760	$ 675,045

(b) Investment Management Expense

($ thousands)	**2016**	2015
Fund management fees	$ 33,188	$ 35,684
Custody fees	400	343
Investment administration [4]	3,371	3,225
	$ 36,959	$ 39,252

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[1] *Pooled Fund Distributions include distributions received from pooled fund managers, irrespective of the distribution type.*

[2] *Gains (Losses) on Investments include realized amounts from disposition and fair value remeasurement.*

[3] *Gains (Losses) on Derivatives include fair value measurement and settlement gains and losses, as well as adjustments for counterparty default risk, if any.*

[4] *Investment administration represents internal investment management expenses, see Note 15* Administration Expense.

17. RELATED PARTY TRANSACTIONS

GOVERNMENT OF ALBERTA AND RELATED ENTITIES

WCB has transactions with various Alberta Crown corporations, departments, agencies, boards, educational institutions and commissions in the ordinary course of operations. Such transactions include premiums from the organizations and certain funding obligations relating to Occupational Health and Safety, the Appeals Commission and the Medical Panel Office that are in accordance with the applicable legislation and/or regulations. WCB is related to these entities by virtue of common influence by the Government of Alberta. WCB is considered a government-related entity and as such, is not required to disclose these transactions under IAS 24 *Related Party Disclosures*.

KEY MANAGEMENT COMPENSATION

Key management personnel of WCB, comprising the Board of Directors and the executive and their close family members, are also related parties in accordance with IAS 24. As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between WCB and its key management personnel.

The tables below present total compensation of the board members and executive of WCB.

($ thousands)	2016				
	Base Salary [1]	**Other Cash Benefits [2]**	**Non-Cash Benefits [3]**	**SERP [4]**	**Total**
Chair, Board of Directors [5]	$ -	$ 47	$ 2	$ -	$ 49
Board Members [5]	-	90	5	-	95
President & Chief Executive Officer	475	235	49	127	886
Vice-President, Operations & Chief Information Officer	367	124	42	83	616
Chief Financial Officer	347	120	45	69	581
Vice-President, Employee & Corporate Services	285	81	44	49	459
Vice-President, Operations [7]	225	75	39	18	357
Secretary & General Counsel [8]	106	34	23	8	171
Secretary & General Counsel [9]	139	3	25	51	218
Vice-President, Operations & Disability Management [9]	77	18	15	45	155

	2015				
Chair, Board of Directors [5, 6]	$ -	$ 41	$ 4	$ -	$ 45
Board Members [5]	-	107	7	-	114
President & Chief Executive Officer	466	230	48	119	863
Vice-President, Operations & Chief Information Officer	360	125	41	83	609
Chief Financial Officer	341	117	43	68	569
Vice-President, Operations & Disability Management	286	93	41	39	459
Vice-President, Employee & Corporate Services	280	79	42	46	447
Secretary & General Counsel	274	106	45	49	474

[1] *Base salary is pensionable base pay.*

[2] *Other cash benefits include a component of base compensation that is paid out upon achievement of key objectives determined at the beginning of each fiscal year. Other cash benefits for Board Members comprise honoraria pay for meetings attended.*

[3] *Non-cash benefits include employer's share of all employee benefits and payments made to or on behalf of employees including statutory contributions, pension plans, extended health care benefits, group life insurance, and professional memberships.*

[4] *SERP represents employer's current service cost for benefits accrued under a supplemental executive retirement plan. See Note 10* Employee Benefits *for details of the plan, and the following table for the costs and obligations related to each named key management position.*

[5] *The Chair of the Board of Directors and the nine Board members are part-time positions. Four terms ended during 2016, two positions remain vacant from 2015, for a total of 6 vacancies at December 31, 2016.*

[6] *The former Chair's term ended on October 23, 2015. The current Chair's term commenced on October 24, 2015.*

[7] *Incumbent took office on February 1, 2016.*

[8] *Incumbent took office on July 1, 2016.*

[9] *Incumbent retired in 2016.*

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

($ thousands)	2016				2015	
	Current Service Cost[1]	Other Costs[2]	**Net Cost**	**Accrued Obligation**	Net Cost	Accrued Obligation
President & Chief Executive Officer	$ 127	$ 117	$ 244	$ 1,955	$ 215	$ 1,711
Vice-President, Operations & Chief Information Officer	83	(164)	(81)	921	88	1,002
Chief Financial Officer	69	(22)	47	728	73	681
Vice-President, Employee & Corporate Services	49	40	89	673	76	584
Vice-President, Operations[3]	18	13	31	31	-	-
Secretary & General Counsel[4]	8	2	10	10	-	-
Secretary & General Counsel[5]	51	1	52	663	67	611
Vice-President, Operations & Disability Management[5]	45	(55)	(10)	96	54	106

[1] *Current service cost represents the actuarial present value of future benefit obligations arising from employee service in the current period.*

[2] *Other costs include interest on the liability and actuarial gains and losses arising from assumption changes and/or experience; less any benefit payments.*

[3] *Incumbent took office on February 1, 2016.*

[4] *Incumbent took office on July 1, 2016.*

[5] *Incumbent retired in 2016.*

18. CONTINGENCIES AND INDEMNIFICATION

LEGAL PROCEEDINGS

WCB is party to various claims and lawsuits, related to the normal course of business, that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. Based on the total amount of all such actions, WCB has concluded that the outcomes will not have a material effect on the results of operations or financial position.

INDEMNIFICATION AGREEMENTS

In the normal course of operations, WCB enters into contractual agreements that contain standard contract terms that indemnify certain parties against loss. The terms of these indemnification clauses will vary based upon the contract, and/or the occurrence of contingent or future events, the nature of which prevents WCB from making a reasonable estimate of the potential amount that may be payable to those contractual parties. Such indemnifications are not significant, nor has WCB made any payments or accrued any amounts in the consolidated financial statements in respect of these indemnifications.

19. SUPPLEMENTAL INFORMATION

(a) Cash and cash equivalents

($ thousands)	2016	2015
Cash in transit and in banks	$ 13,409	$ 11,613
Cash equivalents	308,583	282,081
	$ 321,992	$ 293,694

Cash equivalents are invested in a portfolio of high-quality, short- to mid-term, highly liquid fixed-income securities that generated an average annual return of 0.9 per cent (2015 – 1.0 per cent).

(b) Trade and other receivables

($ thousands)	2016	2015
Employer accounts receivable	$ 55,094	$ 49,469
Other	10,093	10,031
	$ 65,187	$ 59,500

Included in the accounts receivable total above is an allowance for doubtful accounts of $3.5 million (2015 – $3.5 million). Substantially all receivables are collected within one year.

(c) Trade and other liabilities

($ thousands)	Trade	Other	2016	2015
Trade payables	$ 109,581	$ -	$ 109,581	$ 81,682
Lease obligations	-	4,040	4,040	3,532
Other liabilities	-	4,183	4,183	5,015
	$ 109,581	$ 8,223	$ 117,804	$ 90,229
Current portion	$ 109,581	$ 2,251	$ 111,832	$ 83,335
Non-current portion	-	5,972	5,972	6,894
	$ 109,581	$ 8,223	$ 117,804	$ 90,229

See Note 9 *Lease and Other Commitments* for details of the lease obligations.

(d) Surplus distributions

	Change in Comprehensive Income		Surplus Distributions Payable	
($ thousands)	2016	2015	2016	2015
Surplus distributions, beginning of year			$ 466,959	$ 507,159
Payment of prior years' surplus distributions			(457,559)	(503,592)
			9,400	3,567
Adjustment of prior years' accruals	$ (9,400)	$ (3,567)	(9,400)	(3,567)
Outstanding balance from prior years			-	-
Surplus distributions authorized for the year	-	466,959	-	466,959
Surplus distributions, end of year	$ (9,400)	$ 463,392	$ -	$ 466,959

Substantially all surplus distributions are paid within one year.

(e) Safety rebates

($ thousands)	**2016**	2015
Safety rebates payable, beginning of year	$ 85,664	$ 91,997
Payment of prior years' rebates	(76,155)	(85,321)
	9,509	6,676
Adjustment of prior years' accruals	(3,628)	343
Outstanding balance from prior years	5,881	7,019
Rebates for the year	72,747	78,645
Safety rebates payable, end of year	$ 78,628	$ 85,664

Safety rebates represent amounts recognized under the PIR program. See Note 13 *Premium Revenue* for further details of the PIR program.

(f) Injury reduction

($ thousands)	**2016**	2015
Occupational Health and Safety	$ 46,808	$ 41,601
Industry safety associations	20,929	22,691
	$ 67,737	$ 64,292

Injury reduction is composed of statutory funding of Occupational Health and Safety and voluntary premium levies to fund industry-sponsored safety associations.

Other Statutory Reports

Statutes of Alberta Chapter P-39.5 – *Public Interest Disclosure (Whistleblower Protection) Act*

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2016 to March 31, 2017.

There was one disclosure of wrongdoing filed with the Public Interest Disclosure Office for the ministry. An investigation was completed and no wrongdoing was found.